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Abrasive Leader Hopes to Boost Pretoria's Image

After Changes in Some of Apartheid's Rules, European Tour Is Aimed at Reducing Isolation

By William Sparks

JOHANNESBURG — Next month an irascible, hawkish politician, who sent shivers of trepidation down many spines when he became prime minister of South Africa six years ago, will embark on a journey to Europe aimed at trying to shed some of his country's pariah status.

Pieter W. Botha has an abrasive public relations type. He has an abrasive manner and he has spent his whole life working as a political machine man, so that his personality tends to be one-dimensional.

But in six years as prime minister, he has committed himself to at least nominal changes in South Africa's apartheid system, and he has signed peace treaties with two neighboring black states to lower tensions in this troubled region.

These changes fall well short of the reforms most Western governments would consider to be minimum requirements, but they have been thought sufficient to warrant some encouragement.

Accordingly, Mr. Botha has received invitations to enable him to make the most extensive foreign tour of any prime minis-

ter since the Afrikaner National Party came to power 36 years ago. Chancellor Helmut Kohl has invited Mr. Botha to Bonn and Margaret Thatcher has asked him to lunch. He will also visit Belgium, Switzerland and Portugal. Socialist France has resisted Pretoria's

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overtures to join the list of hosts, but Mr. Botha is going anyway to lay the foundation stone of a museum in Pekaard to commemorate South Africa's war role. The French junior defense minister, Jean Laurain, will attend the ceremony, which is a recognition of sorts.

The changes Mr. Botha has wrought have required courage. They split the National Party and the whole Afrikaner folk, a trauma not easily comprehensible to Westerners. The schism is called a *volkskeuring*, a rearing of the people, and is something of which an Afrikaner leader's nightmares are made.

But Mr. Botha's main characteristic is a bulldozing determination. He is intolerant of opposition and nothing is further from his nature than tact. Once he has decided

on a course of action, he pursues it with a singleness of mind that can be headless of consequences.

He has mellowed somewhat since becoming prime minister, but his manner remains aggressive and authoritarian. He addresses audiences in a bellowing style, waving a finger like an angry schoolmaster. He has a blazing temper which can erupt in a flash if he is opposed or contradicted.

Helen Suzman, a veteran liberal, confesses to an abiding dislike of the man. After 31 years opposite him in Parliament, she says he is the only cabinet minister with whom she has never been on speaking terms.

"He may love little children and dogs for all I know, but I have only encountered him as an aggressive, hostile politician," she says.

Pieter Willem Botha was born near the Orange Free State hamlet of Paul Roux on Jan. 12, 1916.

He dropped out of university after just one year of law studies and is, therefore, the first of South Africa's nine prime ministers without a university education. Some people think this has given Mr. Botha a

sense of inferiority which accounts in part for his aggressive manner.

After leaving university, Mr. Botha went straight into the National Party as a full-time organizer.

By the age of 20 he was the party's chief organizer in Cape province. The party was in opposition and Mr. Botha relished the rough side of the Afrikaner's struggle for political supremacy. He organized youth groups which broke up meetings of General Jan Smuts's ruling United Party.

Mr. Botha entered Parliament when the Afrikaner nationalists came to power in 1948 and is now the longest-serving parliamentarian by five years. His rise was steady and his experience varied. He held a dozen cabinet posts before becoming defense minister in 1966.

That was a watershed. As a party organizer and cabinet minister, Mr. Botha acquired considerable experience as an administrator. Then his association with the military brought him into contact with an organizational system whose authoritarian structure appealed to him immediately.

During his 12 years as defense minister he soaked it all up, learning, too, about (Continued on Page 3, Col. 2)



Pieter W. Botha

Kuwait Minister Criticizes U.S. on Gulf War Stand

Compiled by Our Staff From Dispatches

BAHRAIN — Kuwait's oil minister, Sheikh Ali Khalifa al-Sabah, criticized the United States on Monday for its "passive" attitude toward the Iraq-Iran war.

A meeting of Arab League foreign ministers condemned Iran on Sunday for "aggression" after attacks on tankers in the Gulf. And some Gulf Arab officials debated whether the West should become involved in the conflict.

The crown prince of Abu Dhabi, Sheikh Khalifa bin Zayed, said it was "high time the world community acted positively to bring the war to an end," but warned against "foreign intervention" against any Gulf country.

Eight ships have reportedly been attacked since last week. Sheikh Ali

said at the opening of a symposium on the future of Arab-American economic cooperation:

"The Arabs look with much astonishment and surprise to the passive attitude which the United States takes toward the Iraq-Iran war, the continuation of which poses great dangers to the entire region and world peace."

A senior U.S. State Department official visited Saudi Arabia on Monday to confer with government leaders amid fears that the kingdom might be dragged into a widening Iran-Iraq war.

Assistant Secretary of State Richard A. Murphy flew there after accompanying Vice President George Bush to Oman. U.S. officials said America's only access to military bases in the region is in Saudi Arabia.

President Ali Khamenei of Iran warned the United States on Sunday to stay out of the Gulf, the official Iranian news agency reported.

"If the United States takes part in the adventurous games" in the Gulf, "it will receive a slap far harder than the one it got in Lebanon," the agency quoted Mr. Khamenei as saying.

An Iranian newspaper, the English-language *Kayhan Daily*, said Monday that if the United States intervened in the conflict, "the only thing that Ronald Reagan would be able to offer the voters would be the corpses of American soldiers."

Kayhan also suggested blocking the Strait of Hormuz to blockade Iraq's Gulf allies.

"When our planes can easily overfly Kuwaiti installations without confronting any obstacles, why should we be patient and watch the hostile cooperation between Baghdad and Kuwait? At this sensitive juncture, the only thing the Iranian people expect from their leaders is to show their determination in stopping the hostile acts of the neighbors," it said.

A Beirut newspaper quoted Kuwait's foreign minister, Sheikh Sabah al-Ahmed al-Sabah, as saying that Gulf nations would have no right to object if the West intervened to safeguard oil routes.

"I have no right to object because the Gulf is not a Kuwaiti, Qatari, Omani, or even Arab property. It is an international Gulf," Sheikh Sabah said in an interview with the independent *Al-Nahar* newspaper.

The Gulf is a vital artery for European and Asian nations, one of which is Japan. Their intervention in regional waters is of no interest to me. But I do not accept the establishment of military bases for them in my country," he said.

In Brussels, Saudi Arabia's oil minister, Ahmed Zaki Yamani, said that his country and its Gulf Arab neighbors would defend themselves if Iran attacks their territories or their tankers. "If we see Iranian planes approaching our territory or trying to attack our tankers, we will defend ourselves," he said.

The Arab League resolution condemning Iran was approved in Tunis despite opposition from Syria and Libya. Iran's only Arab allies in its 44-month war with Iraq did not mention attacks around Iran's Kharg Island for which Iraq, a league member, has claimed responsibility.

The resolution noted the Arab League's "extreme concern over the Iranian aggression against Saudi and Kuwaiti oil tankers in the territorial waters and maritime routes of the Gulf nations."

(AP, Reuters)

W. German Metal Strike Grows, Causing Division

By Warren Getler

RUSSELSHEIM, West Germany — On any other Monday morning, Jürgen Schilling and his friends would have been at work at the Opel car factory here in this industrial town just south of Frankfurt.

But this Monday was different. For the first time in 33 years, the giant car plant was closed down by a general strike, leaving about 32,000 workers idle.

As the nationwide metalworkers' conflict over the reduction of the workweek to 35 hours entered its second week, the number of workers on strike or laid off by strike-related shortages of parts began to balloon. The industry was expected to come to a standstill within days.

According to the Federal Labor Ministry, there were 15,000 people either on strike or laid off in the strike zones declared by the IG Metall union around Frankfurt and Stuttgart. An additional 200,000 workers were out of work outside those strike zones.

Workers outside the zones do not receive strike pay from the metalworkers union, and will not receive federal unemployment benefits.

[Union leaders and metal industry employers agreed Monday to hold top-level talks in a move

to end the strike. Reuters reported from Bonn. A spokesman for the employers federation said the venue of the talks was being kept secret.]

Assembly lines at Daimler-Benz, BMW and Audi have already stopped work, and dwindling parts supplies will force Volkswagen, Porsche and Opel's two other West German plants to close this week, the companies said. Ford Motor Co. may have to close its plants in West Germany and Belgium next week.

As Jürgen Schilling and his friend Kurt, who did not wish to be identified further, sat in the Olympia beer pub, watching hundreds of picketers gather in the rain outside company gates, they argued about the strike and the union's goal of creating jobs by adopting a 35-hour workweek.

"I don't see any sense in this," Kurt said. "We are not going anywhere with this 35-hour workweek. It's a 35-hour workweek to bring us anything other than more unemployment?" he asked.

But Kurt said the strike was necessary because "200,000 to 300,000 job slots are being lost to computers and robots." He said the union must show its strength

to save Continental and thereby sustain confidence in the U.S. banking system.

The week had begun with wire service reports warning of Continental's imminent demise. The rumors, untrue at the time, came within a hair of becoming self-fulfilling, as Continental, bank regulators and other bankers struggled with the near-impossibility of restoring lost confidence. It was ended

FDIC says it has received four bids for Continental Illinois. Page 9.

only by the Federal Reserve System's pledging its limitless credit behind the beleaguered bank.

Continental, the eighth-biggest bank in the United States, was finding it next to impossible to hold or replace deposits from large companies and financial institutions at home, in Europe and in Asia.

Although such deposits typically come in



Striking workers at a rally outside the Opel car plant in Rüsselsheim, West Germany.

against the "automation campaign being waged by industry." Others at the table nodded in agreement.

The union has contended that a shorter workweek would force employers to create new jobs, offsetting those lost to automation. As the strike began its second

week, its toll became more apparent both on the auto industry and on the metalworkers.

Division has surfaced in the union rank and file as some workers challenge the realism of seeking a 35-hour workweek and others, outside the strike zones, face extended layoffs without pay. The

employers association, meanwhile, appears to be eager to come to a quick solution before the industry experiences irreparable damage to its international market share.

Never has a strike idled such a

amount without precedent, that the banks and regulators had promised.

The account that follows is based on interviews with bankers, government regulators and other people familiar with details of Continental's crisis.

The morning of Monday, May 7, was hardly any different at Continental from the beginning of any other week. There were the usual minor fires to be doused. These had become commonplace since the failure of Oklahoma City's Penn Square Bank two years ago.

But on the bank's fifth floor, where the treasury and bond departments are situated, there was a much more serious problem. David J. Taylor, Continental's chairman, was pondering what looked like a vote of no confidence in his stewardship by a handful of foreign banks.

Banks in West Germany, Switzerland, the (Continued on Page 15, Col. 1)

Mauroy Revives Debate In France on Workweek

By Axel Krause

PARIS — Prime Minister Pierre Mauroy has touched off a heated political debate in France by renewing his proposal to establish a 35-hour workweek in business and industry, which he said could help reduce growing unemployment.

Addressing a Socialist Party rally near Lille on Sunday, Mr. Mauroy urged national unions to make the 35-hour week their "major demand" in future collective bargaining with management in every sector of French industry, and he suggested the movement be extended "throughout all of Europe."

Strikes in West Germany in favor of a 35-hour week "warrant reflection," Mr. Mauroy said, adding, "As everyone knows, I believe that reducing working time is an important element in the fight against unemployment."

Government sources said Monday evening that they viewed Mr. Mauroy's proposal as his own initiative which did not represent a government consensus. Finance Minister Jacques Delors, who is known to favor a reduction in working time on a selective basis, refused to comment on Mr. Mauroy's statement on Monday. Primarily because of the government's commitment to an austerity policy and reducing industry costs, the proposal is expected to be the subject of "lively discussion" at a meeting of cabinet ministers on Friday, the sources said.

Sources close to Mr. Mauroy said the government was still in a preliminary phase of developing its proposals. Friday's meeting, presided by Mr. Mauroy, will include Mr. Delors, Pierre Bergé, the social affairs minister, and Laurent Fabius, industry minister.

"The idea is not to impose a law on the country, which is what happened in 1981, but to move toward the 35-hour week on a selective, decentralized basis, using collective bargaining between unions and management," an adviser to the prime minister said. "But Mr. Mauroy is also very determined that there be action — this was the sense of his speech Sunday."

The reference was to a 1981 law establishing a 39-hour week in France, voted by the Socialist-dominated National Assembly, and which Mr. Mauroy and the French Democratic Labor Confederation, among others, subsequent-

ly have sought to reduce to 35 hours, but in a low-keyed manner.

"Now, we are entering into a new, major debate on the issue," said an official of the French National Employers' Confederation. Some members of the group plan a public relations campaign to weaken, and, if possible, defeat support for the government's proposal, particularly if it leads to an imposition of reduced working hours through new legislation.

"Mr. Mauroy's statement that this will all be negotiated has some of us very suspicious and we will definitely resist any attempt to impose the 35-hour week, which would be a catastrophe for us and the French economy," said an executive of a leading, private industrial company, who asked that he not be identified.

Officials of the Communist-led General Confederation of Labor (CGT) also expressed support for the government's renewed initiative, but emphasized that protecting workers' purchasing power was equally important to its members. The CGT has actively supported the strike and demands of West German union leaders for the 35-hour week.

One of the 53 formal complaints filed so far seeks the annulment of allegedly false returns favoring the ruling party of Mr. Marcos, the New Society Movement, in Cebu province, where a youth was killed Saturday in a riot over charges of government corruption.

On Negros Island, about 3,000 residents massed at the Bacolod town plaza to protest alleged vote buying and ballot tampering by the government party.

So far, election officials have proclaimed 72 government candidates and 50 opposition candidates as winners.

(Continued on Page 15, Col. 1)

Philippine Panel Begins Hearings On Voting Fraud

MANILA — The Commission on Elections opened hearings Monday on charges by candidates of widespread voting fraud as supporters of President Ferdinand E. Marcos seek a comfortable lead over opponents in the battle for 183 National Assembly seats.

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(Continued on Page 15, Col. 1)

U.S. Officials Tilted With the Rumor Mill to Save Continental

The following article is based on reporting by Peter T. Kilborn, Winston Williams and Robert A. Bennett and was written by Mr. Kilborn.

New York Times Service

WASHINGTON — At dawn last Thursday William M. Isaac was roused from his hotel bed by a telephone call. After a roller-coaster week of desperate rescue efforts, the fate of Continental Illinois bank was still hanging in the balance. At 4 A.M. the lawyers were at loggerheads.

"I heard the thing was breaking apart," said Mr. Isaac, chairman of the Federal Deposit Insurance Corp. He rejoined his lawyers and the bankers' lawyers, who were wrangling over the final terms of the largest bailout effort in banking history, the rescue of Continental Illinois National Bank & Trust Co.

The negotiations early that morning proved the final stretch of a week-long race

to save Continental and thereby sustain confidence in the U.S. banking system.

The week had begun with wire service reports warning of Continental's imminent demise. The rumors, untrue at the time, came within a hair of becoming self-fulfilling, as Continental, bank regulators and other bankers struggled with the near-impossibility of restoring lost confidence. It was ended

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To Our Readers

Some financial tables are missing from today's IHT because of a computer failure at the Associated Press in New York. We regret the inconvenience and at the same time express gratitude to United Press International for making available the tables that appear on pages 10-14.

Pentagon Accumulates Backlog of Unspent Funds

Money Approved by Congress, But Not Yet Spent, Surpasses \$128 Billion

By Wayne Biddle

WASHINGTON — Because of the Reagan administration's vast military buildup, the Defense Department has accumulated the largest backlog of unspent funds since the Vietnam War era, creating management and budget problems for the Pentagon and Congress.

According to official government figures for 1981 through 1983, the backlog of money approved by Congress and signed into contracts, yet not paid out by the Pentagon, increased by 89 percent, to more than \$128 billion from \$68 billion. Over the same period, the backlog of unspent funds awaiting selection of a contractor rose by 79 percent, to \$43 billion from \$24 billion.

Measured in 1984 dollars, total unspent military funding has increased 102 percent since 1974, and 67 percent since 1980. For all other federal agencies, unspent funding has decreased by 22 percent since 1980.

In a recent example of backlogs in military spending, Congress authorized \$2.1 billion last year to begin building 21 MX missiles in

the current fiscal year, but the Pentagon has obligated only \$450 million so far.

The main reason for the Pentagon backlogs is that major weapons systems can take a number of years to build after funds are approved. Congress might appropriate funds for a multibillion-dollar project in one fiscal year, but the funds are disbursed in future years as the work proceeds.

Until they are paid out, the funds exist only in a bookkeeping sense, adding to the government's projections of how much money it must acquire through taxes or borrowing.

A congressional source said that because unspent funds do not actually exist "like money in a pot," but must, nonetheless, be paid out at some future time, they contribute to tightness in the credit market and to the federal deficit.

The backlogs, largely unnoticed in public debate about President Ronald Reagan's buildup, could undermine Congress's ability to control military spending for the rest of the decade, experts say. Some analysts say, moreover, that the rapid accumulation is making it difficult for Pentagon managers to

scrutinize how the money is paid out.

"Even if Congress held the defense budget to zero real growth from now on, there would still be sizable growth in outlays," said Richard A. Stubbins, assistant provost of Duke University, who, until 1981, was deputy chief for national security in the Office of Management and Budget.

In a report released recently by the Brookings Institution, a Democratic-oriented research organization in Washington, William W. Kaufmann, a professor of political science at the Massachusetts Institute of Technology, said, "These backlogs will create major wedges of expenditure in the future and will make substantially more difficult any future effort to control the growth of the defense budget in an orderly way."

He said that even if Congress held the 1985 military budget to about \$290 billion, versus the president's request of \$305 billion, expenditures from the backlog would amount to more than \$110 billion by 1986.

"As such it will mean that at least 36 percent of defense outlays

will be committed and uncontrollable even before Congress takes action on the budget for that year," said Mr. Kaufmann, who was an adviser to secretaries of defense in Republican and Democratic administrations in the 1970s.

Mr. Kaufmann said that the only way Congress could control unspent funding would be by rescinding it, which in his memory has been done only once, to cancel an aircraft carrier at former President Jimmy Carter's urging.

Asked about the effect of the unspent money on Pentagon budget management, a senior military official said that there had been concern over whether enough qualified people were available in military procurement departments to "guarantee the best deal for the taxpayer." But he said that he did not believe this "constituted a situation ripe for mismanagement."

Analysts inside and outside the government agree that the growth in unspent money has been fueled by the president's rapid buildup in weapon buying. The weapon backlog rose from about \$84 billion in 1982 to an estimated \$140 billion this year.

Mondale Sees Victory in 2 Votes in June

Poll Shows Him Level With Hart in California

By Milton Coleman

WASHINGTON — Walter F. Mondale has predicted that he will win the California and New Jersey Democratic primaries on June 5 and have the firm support of enough delegates to capture the party's presidential nomination by the time the Democratic National Convention opens July 16 in San Francisco.

Mr. Mondale's optimistic assessment Sunday on a U.S. television interview program, was his first public prediction of victory in the vital California primary, where he is running virtually even in polls with Senator Gary Hart, the Colorado Democrat, for the largest group of delegates to the convention.

But in his phrasing, Mr. Mondale repeated his reduced expectations on the overall battle for delegates. Less than two weeks ago, his top campaign strategists had forecast that Mr. Mondale would be able to lock up the nomination on June 5, the last day of primaries. Mr. Mondale quickly distanced himself from that projection.

Mr. Mondale has 1,587 delegates to 949 for Senator Hart and 294 for the Rev. Jesse L. Jackson. An additional 334 are uncommitted; 1,967 are needed for nomination.

"I believe that I'm going to carry both New Jersey and California," Mr. Mondale said Sunday. "I think I'm going to do very well in the other June 5 primaries, and I believe I'll have the delegates I need by the time the convention convenes."

Mr. Mondale generally has been considered the slight favorite in New Jersey, but only last week did he pull even with Senator Hart in California.

On the same program, former Senator George S. McGovern of South Dakota, the party's nominee in 1972 and a candidate in this year's race until mid-March, praised the potential of a Mondale-Hart ticket.

"I'd love to see a Mondale-Hart ticket and I think it is doable," Mr. McGovern said. Mr. Mondale was noncommittal.

Senator Hart suggested Sunday that he would consider taking Mr. Jackson as his running mate if Mr. Jackson would change his stand on Israel, presumably to become more supportive of Israel. But in Charleston, South Carolina, Mr. Jackson said that it is premature to talk about modifying his views on the Middle East in exchange for a place on the ticket, United Press International reported.

"I would hope that after June 5 we would come together and look at the broad range of issues, including the long and short lists of presidential possibilities," Mr. Jackson said. "But right now we're very much competing in the marketplace to win the nomination."

Mr. Jackson, speaking at the Morehouse College commencement in Atlanta, said he "would find it especially difficult to support any candidate for president who did not support an adequate job-training initiative directed towards private-sector employment."

Mr. Jackson's demand was the latest he has set for his endorsement of the Democratic candidate. He previously has said he would not support a candidate who does not favor better enforcement of the Voting Rights Act, specifically elimination of the dual-primary system in the South.

Leaders Even in California

Robert Lindsey of The New York Times reported from Los Angeles: Mr. Mondale and Senator Hart appear to be running virtually even as they prepare for the last two weeks of California's Democratic primary election campaign.

According to Mervin D. Field, director of the influential California Poll, neither candidate so far appears to have aroused much enthusiasm among California voters.

In the latest California Poll, taken May 9 to 15 and published this week, Mr. Mondale was favored by 41 percent of the Democrats questioned, Senator Hart by 39 percent and Mr. Jackson by 13 percent.

This reflected an ostensible gain for Mr. Mondale, who trailed Senator Hart, 42 to 37, with 15 percent for Mr. Jackson, in a similar poll a month earlier.

But Mr. Field said that, given the usual margin error for such a poll, the two leaders were essentially running neck and neck.

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U.S. Shakes the Fence As Costa Rica Tries to Balance Its Neutrality

By Edward Cody

Washington Post Service

SAN JOSE, Costa Rica — Costa Rica's balancing act between formal neutrality and close association with the United States has grown increasingly precarious as the Reagan administration steps up pressure on Nicaragua.

A border clash on May 4, one of several in recent weeks, developed into what Costa Rican officials describe as yet another nudge from the United States to get involved in a U.S.-backed effort to topple the governing Sandinistas in Nicaragua.

At the same time, the event intensified local opposition to President Luis Alberto Monge's struggle to maintain an outwardly neutral course.

Costa Ricans have been arguing that the choices are between ambivalent diplomacy and confrontation with the Sandinistas and their steadily growing military power, between militarization and maintaining a 36-year tradition of doing without an army.

But some Costa Rican officials and foreign diplomats say the immediate question is whether Mr. Monge can continue relying on U.S. economic aid while keeping his distance from U.S. efforts to isolate Nicaragua diplomatically and surround it militarily.

"I think most of the Americans here, including members of the State Department, would like to see Costa Rica involved," said José Figueres, who, as president, abolished the army in 1948.

U.S. and Costa Rican officials privately conceded that the recent series of border clashes erupted because of tension over movements along the border by the anti-Sandinista guerrillas of Edén Pastora Gómez, who are based on Costa Rican territory with the government's assent.

The skirmishes were more violent than previous ones and led to an outcry from conservative officials and businessmen in Costa Rica, who demanded a tougher stand from Mr. Monge against the Sandinistas.

At the same time, the government was alarmed by the demonstration of its inability to defend Costa Rican territory with a Civil Guard of 5,000 ill-equipped men.

Even Mr. Pastora's Revolutionary Democratic Alliance is better armed, government officials said. Against that background, Mr. Monge's government urgently appealed to Washington for accelerated delivery of additional military aid. Equipment worth \$7.8 million already had been planned in a Reagan administration supplemental aid request for 1984.

But following the border incident, Costa Rica sought speedier acquisition and heavier weaponry, including grenade launchers and mortars, according to the public security minister, Angel Edmundo Solano.

The amounts remained too small — two dozen mortars, for instance

— to transform the Civil Guard into anything resembling an army, he insisted. But the request, because of its political sensitivity, was kept quiet in Costa Rica.

In Washington, the news quickly emerged. Moreover, it was surrounded by revelations that some State Department officials saw the urgent appeal as an opportunity to dislodge Costa Rica from its formal neutrality.

This impression was heightened by the arrival of U.S.-supplied small patrol boats and jeeps. While that appeared to be a swift U.S. response to the border clashes, it was in fact a late delivery of aid agreed to last year.

U.S. officials were quoted at the same time in Washington as saying, mistakenly, that Costa Rica had agreed to joint maneuvers with U.S. troops. And in Honduras, U.S. officials assured Costa Rica that 1,500 U.S. soldiers could arrive within 18 hours if Nicaragua attacked.

The combined effect created an impression that Mr. Monge was sliding away from neutrality, Costa Rican officials said.

Some observers concluded that this was the goal of U.S. officials, making the announcement with an eye on a Congress reluctant to vote more aid for Central America.

Mr. Monge reportedly was disturbed at reports that reached Europe ahead of a planned visit there beginning Sunday that suggested that Costa Rica was about to abandon its neutral stance.

To counter the impression, his National Liberation Party staged a rally May 15 in which 10,000 people marched for peace and neutrality for Costa Rica.

And Foreign Minister Carlos José Gutiérrez agreed last week with his Nicaraguan counterpart, Miguel d'Escoto Brockmann, to form a joint commission to prevent further border incidents.

Alfonso Robelo, the political leader of Mr. Pastora's forces, predicted the accord would lead to more active patrolling of borders and increased pressure on the Nicaraguan rebels to keep Costa Rica out of its fight against the Sandinistas.

An accord last fall to form a similar commission, however, seemed to have little effect.

Beneath the neutrality proclamation and careful diplomacy lies an uneasy ambiguity. Mr. Monge's government, while declaring that it wants to stay out of the conflict, has permitted Mr. Pastora's organization to use Costa Rica as a base and haven.

And there is no question Costa Rica, heavily in debt, needs aid; Washington sent more than \$200 million in economic aid last year and seeks a similar amount this year. But U.S. officials contend that Mr. Monge lends his territory to Mr. Pastora's guerrillas only because he believes the Sandinistas will destabilize the region if they remain in power.

Botha Seeks to Improve South Africa's Image

(Continued from Page 1)

theories of military strategy. In 1976, the University of Stellenbosch gave him an honorary degree in military science.

He became prime minister fortuitously in 1978. A scandal in the information department destroyed Prime Minister John Vorster and his heir apparent, Information Minister Connie Mulder. The choice of successor fell on Mr. Botha, who was the longest-serving member of the cabinet.

It was not long before the new prime minister, who had ordered South Africa's rash invasion of Angola in 1975, began unexpectedly making some dovish gestures.

He was the first prime minister to visit the black township of Soweto, outside Johannesburg. He extended trade union rights to blacks.

"We must adapt or die" was his catchphrase. This caused large numbers of white South Africans who had tried to dissociate themselves from apartheid to turn to him. They want reform but are fearful of black rule, and Mr. Botha appeared to offer the magical combination of change with the tough maintenance of white control.

In a referendum last November he won an overwhelming 66 percent endorsement from white voters for a new constitution that will give a subordinate role in government to the mixed race Coloured and Indian minorities but will continue to exclude the black majority.

Was it a conundrum? Not really. Mr. Botha's military mentors had persuaded him to adopt a new "to-

tal strategy" to make the last bastion of white rule more secure.

African politics are predicated on survival at all costs. With no roots left in Europe after three centuries, and with black nationalism reclaiming all of Africa, the 2.8-million Afrikaners feel themselves to be an endangered species. They feel that, if they let control slip, they will become a minority group in a country run by others and will lose what they regard as their God-given right to exist as a nation.

Mr. Botha, who has devoted his whole life to serving Afrikaner politics, has that purpose in mind. In this sense there has been no fundamental shift.

The changes he is making are designed to reformulate, rather than reform, the apartheid system; to help ensure the continuation of Afrikaner control in the face of mounting internal and external pressures. He is not preparing to hand over to the blacks.

French Communists Hold Steel Town in Vote

THIONVILLE, France — France's ruling left received a boost when the Communist Party held the town of Thionville in a local election in the heart of the eastern steel region of Lorraine.

Mayor Paul Souffrin was re-elected Sunday after taking 50.43 percent of the vote, narrowly seizing victory after a long series of defeats for the left in local elections since late last year.



Peronists beat drums to welcome Isabel Perón on her return to Buenos Aires.

Isabel Perón Prepares to See Alfonsín

The Associated Press

BUENOS AIRES — Former President Isabel Perón worked to reconcile rival factions of the Peronist party on Monday in preparation for talks with President Raúl Alfonsín.

Mrs. Perón, who arrived Sunday from Madrid for an expected two-week stay in her homeland, was to lead a 30-member Peronist delegation at talks in the Casa Rosada, the country's presidential palace, in the evening.

The 53-year-old widow of three-time President Juan Perón spent most of Sunday and Monday meeting with leaders of various Peronist factions at her hotel. Announcements of the list of party officials accompanying her in the talks indicated that she had succeeded, at least temporarily, in easing tensions between two important party groups.

The Peronist delegation will include members of the so-called Unity Commission, formed by right-wing Peronists fiercely loyal to the former president, as well as members of the rival National Peronist Council, elected last year in internal union voting which saw Mrs. Perón's supporters soundly defeated.

Excluded from the list were officials of the Peronist General Confederation of Labor, at loggerheads with Mr. Alfonsín over his administration's efforts to democratize the unions through government-supervised elections.

Mrs. Perón was president from the death of her husband in 1974 until 1976, when she was ousted in a military coup. Mr. Alfonsín's

Dec. 10 inauguration ended more than seven years of rule by the military.

Mr. Alfonsín personally invited Mrs. Perón to return to Argentina and become involved in the talks. He is seeking opposition support for a program to counter a wide range of problems, including the nation's \$43.6-billion debt and labor unrest.

Mrs. Perón has lived in voluntary exile in Madrid since being released from house arrest by military authorities in 1981. Although titular head of the Peronist party, she has remained aloof from politics and was not involved in last October's general elections, in which Mr. Alfonsín's center-left Radical Civic Union handed the Peronists their first national election defeat in nearly 40 years.

Duarte Rebukes Extreme Rightists

Reuters

WASHINGTON — El Salvador's president-elect, José Napoleón Duarte, rebuked his country's extreme rightists on Monday, saying that they are trying to destroy democracy. He said he was confident that they would be politically isolated.

After meeting President Ronald Reagan, Mr. Duarte said that he was calling on both the extreme right and extreme left to help seek peace in El Salvador.

"There might be some extreme right people who don't understand that they are destroying the solution that the people want," Mr. Duarte said. "But I think they will be isolated by the majority of the people."

He said he had talked to all rightist economic groups and got their agreement "to discuss with us all the problems and continue in this social pact I have called for."

Mr. Duarte was planning to lobby U.S. congressmen on Tuesday to try to win their approval for Mr.

Reagan's request for more economic and military aid for El Salvador. In remarks Sunday and Monday, Mr. Duarte appeared to be trying to calm concern among some members of Congress that rightist and military groups would not allow him to carry out reforms, eliminate death squads and seek a dialogue with guerrillas.

Mr. Duarte had said Sunday that he was confident the military had accepted democracy and was "willing to give power back to the people."

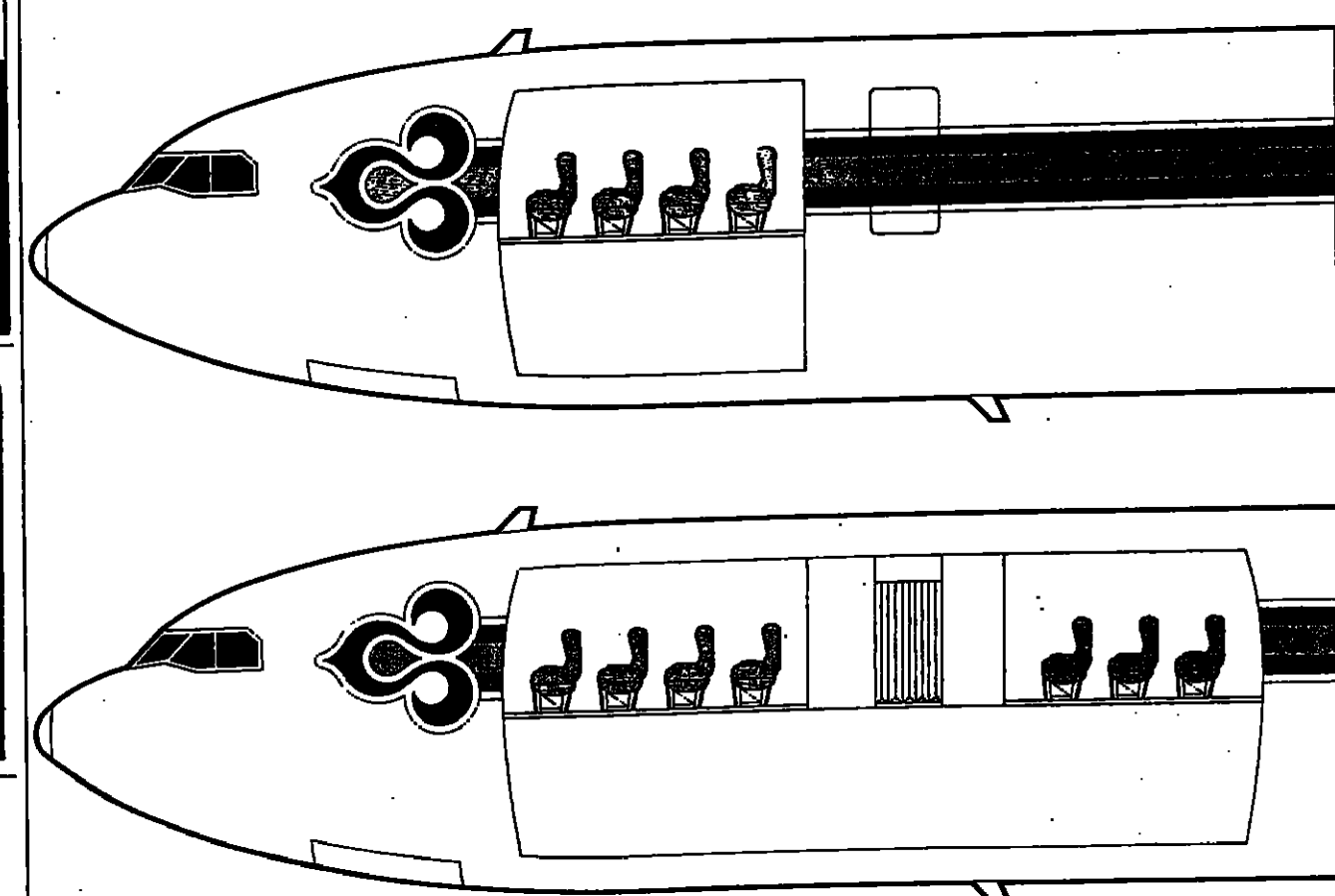
On Monday, a report released by Amnesty International, the London-based human rights group, charged that government officials had failed to halt widespread killings by security forces. Mr. Duarte said of the report: "The thing is not to look backward. The thing is to look forward and solve these problems."

The U.S. defense secretary, Caspar W. Weinberger, said at a meeting of Cuban-American leaders Monday that there were increasing signs that the Soviet Union is expanding its Central American presence.

He cited recent Soviet naval exercises in the Caribbean and Soviet-backed Cuban efforts to build a runway in Nicaragua that would accommodate any Soviet-built plane.

He said Soviet military aid to Cuba was about \$1 billion a year.

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Gandhi Visits Areas of Hindu-Moslem Violence

By William Claiborne
Washington Post Service

NEW DELHI — Prime Minister Indira Gandhi visited riot-torn areas of Bombay and its suburbs Monday and said that Hindu-Moslem violence that has claimed nearly 100 lives in the past five days was a "blot" on India's history.

In central Bombay, a crowd of thousands of people surrounded the prime minister's motorcade and shouted "Long live Mrs. Gandhi" and "We don't want curfew" as police using riot sticks struggled to

maintain control, according to Indian news agencies.

Mrs. Gandhi, stepping from her car, was heard to urge the residents to live in communal harmony, saying, "They are your neighbors."

Accompanied by the chief minister of Maharashtra state, Vasantrao Patil, and state governor, I.H. Latif, she also traveled by helicopter to the nearby textile mill towns of Bhiwandi and Thane, both of which are under nighttime curfew following Hindu-Moslem rioting that erupted Thursday.

Bhiwandi, an industrial suburb 30 miles (48 kilometers) north of Bombay, was the scene of similar rioting in May 1970, when more than 100 persons were killed. At least 79 have been killed in the latest outbreak. Police shot and killed five rioters in Bombay on Sunday. About 6,000 people have been evacuated from 1,200 burnt-out homes in the areas of the rioting.

The violence began Thursday during a Hindu general strike called after a Moslem member of the Maharashtra state assembly, F.M. Khan, draped a garland of

chappals or leather sandals, around a portrait of a prominent Hindu leader, Bal Thackeray, chief of the Shiv Sena, at a Moslem rally. The Shiv Sena is a fundamentalist group of followers of the Hindu deity, Shiva, and originally was organized to enforce a quota of Hindu workers in state jobs.

A garland of old chappals is regarded as an extreme insult, and the rally had been called to protest an earlier speech by Mr. Thackeray which Moslems said was offensive.

Communal tension was exacerbated when Moslems in Bhiwandi raised green flags of Islam and tried to tear down saffron flags of Hinduism, resulting in street clashes, arson and looting in a widespread area around Bombay. At least 52 persons, mostly Moslems, have been killed in Bhiwandi alone, including 27 who were massacred when a Hindu mob attacked a farmhouse with revolvers and swords and burned the mutilated victims, including women and children, after dousing them with kerosene.

Mrs. Gandhi visited the farmhouse Monday and listened as its owner broke down while describing details of the attack. Residents complained that police failed to respond to calls for help. Authorities said 10 police officers have been suspended pending an investigation.

A curfew was still in effect Monday night in troubled parts of Bombay as army troops, in a show of force, patrolled the center of the city, according to Indian news agencies. The army columns were also reported to have been sent to the Govand neighborhood in northeast Bombay and Jogeshwari in the northwest part of the city to help police bring roaming bands of Hindu rioters under control and to protect the nearby Bhabha atomic research center.

2 Sudan Thieves Lose Hands, Legs

United Press International

KHARTOUM — Two thieves convicted of stealing electrical cables had their right hands and left legs cut off by order of an Islamic court Monday and became the first criminals to undergo cross-limb amputation since the introduction of Islamic law last September, the Sudan News Agency said.

Amputations in Sudan are carried out by government doctors who have been trained in Saudi Arabia where criminal amputations are commonplace.

Convicted criminals are usually drugged and sedated and then blindfolded while a doctor amputates the limb with a surgical scalpel and saw. The victims are then taken to a hospital to recover from the shock. The amputation procedure usually takes less than 15 minutes.

China Trying to Improve Quality of Birth Control

By Christopher S. Wren
New York Times Service

BEIJING — When China began one of its periodic family planning drives early last year, the family planning officials of Shunyi County responded with a vengeance. Middle-aged women using intrauterine devices were told to undergo sterilization. Other women were taken off oral contraceptives and fitted with intrauterine devices.

The devices were issued without much concern about sizing, so some women who switched came pregnant. Last year 7,629 women, or nearly one in 10 married women of childbearing age in Shunyi County, reportedly had abortions. The county, northeast of Beijing, recorded 84 abortions for every 100 live births in 1983.

China has found that a stringent birth-control policy is the only way that it can limit its population, now over one billion, and provide rising living standards. Last year China's population grew by 1.154 percent, well below the 1.73 percent growth rate reported for Asia last year.

Aiming to hold the population to 1.2 billion by the year 2000, the government now permits each couple one child only. Exceptions are made in some rural areas if the firstborn is a daughter, on the logic that a farmer needs a son to help work the land. Husband and wife have a duty to practice family planning under Article 49 of the 1982 constitution. An unauthorized pregnancy usually means an abortion. If an extra child is born, the wife may be instructed to undergo sterilization.

"The family planning people are pushing so fast to achieve their targets that they ignore what the women's health problems are," said Dr. Barbara Pillsbury, an American medical anthropologist and director of the International Women's Health Coalition

in Washington. "They don't pay much attention to the side effects of the IUD and the pill, or the psychological effects."

But she said the Beijing Medical College, to which she was recently invited for 10 days, is concerned about making birth control more compassionate. The college, she said, wanted to set up a project in Shunyi County to better acquaint family planning officials, who are mostly men, with the needs of women, including personal counseling, a wider choice of contraceptives and greater awareness of side effects.

Dr. Pillsbury said Shunyi County, with a population of 477,000, was picked by the Beijing Medical College for a pilot project because its birth rate was 1.9 percent last year. That was only slightly higher than China's 1983 birth rate of 1.86 percent. Natural growth is reached by subtracting the mortality rate — slightly over 0.3 percent — from the birth rate.

Wang Shaoxian, a Beijing Medical College faculty member who studied in the United States, has proposed inviting American experts of ethnic Chinese descent from Johns Hopkins University and the Centers for Disease Control in Atlanta to train 15 junior staff members at the Beijing Medical College, Dr. Pillsbury said.

The U.S. experts would in turn fan out into Shunyi County to educate local planning cadres, as officials are called in China. Dr. Pillsbury said she was told the program would cost about \$253,000 over a three-year period.

The State Family Planning Commission, which operates separately from the Ministry of Public Health, has also set up a training course for family planning officials in Nanjing. The commission, which supervises the educational and administrative aspects



A family posing before a Beijing billboard promoting one-child families. It reads, "Daddy, Mommy and Me."

of birth control, is preparing to offer its technical services, including contraceptives and abortions, putting it in competition with local clinics that operate under the Ministry of Public Health.

The project in Shunyi County would focus on improving the quality rather than quantity of birth control. "They want to make it more humane, to reduce the rate of abortion," Dr. Pillsbury said.

The Chinese government has not released statistics on the number of abortions, which reflect the ineffectiveness of birth-control measures. But a study of what Dr. Pillsbury called a very large sample of eligible married women in the western district of Beijing in 1982 and 1983 showed that 44.7 percent of the women

had at least one induced abortion.

In 1982, the district had 74 abortions per 100 live births, meaning that over 40 percent of all pregnancies were terminated by abortion, Dr. Pillsbury said. She said the situation was not considered unusual for China.

Last September, Qian Xinghong, head of the State Family Planning Commission, denied Western news reports that women in China were being coerced into compliance with birth-control measures. His commission said women were subjected only to persuasion and education.

In practice this may include study sessions with officials and neighbors to persuade a woman to have her pregnancy terminated or be sterilized.

U.S. Reconsiders Curbs on Use of Formaldehyde

By Philip Shabecoff
New York Times Service

WASHINGTON — Reversing a decision it made early in the Reagan administration, the Environmental Protection Agency has announced that it would give priority to considering the regulation of formaldehyde as a possible cause of cancer in humans.

An agency spokesman said it would consider options ranging from doing nothing to a ban or partial ban on uses that might place large numbers of people at risk. The determination of whether the chemical presented an "unreasonable risk" to human health, the agency said, "will focus on the two groups believed to be most exposed: people who live in homes built with materials made with formaldehyde and textile and clothing workers who use textiles made with formaldehyde resins."

About six billion pounds (about 2.7 billion kilograms) of formaldehyde is produced each year for use in foam insulation, such building materials as plywood and particle board, furniture, fabrics, dyes, grocery bags, air fresheners, plastics and many other products, according to the agency.

Early in the Reagan administration the environmental agency decided there were not enough grounds to consider a speeded-up regulatory process for formaldehyde under the Toxic Substances Control Act.

The decision was made after meetings between high-ranking agency officials and executives of the formaldehyde and chemical industries. Environmental groups and public health officials asserted at the time that they were deliber-

sonable risk" to human health, the agency said.

One basis for the agency's decision was the contention that a test showing that formaldehyde caused cancer in test animals was not enough evidence of unreasonable risk to humans.

After being sued by the Natural Resources Defense Council, an environmental group, and others, the environmental agency agreed last fall to reconsider its formaldehyde decision.

In its announcement Friday, the agency said animal studies indicated that formaldehyde caused cancer in rats at high levels of exposure. "Under EPA's policy, animal carcinogens must be treated as possible human carcinogens," the announcement added.

The agency also said it "cautions that today's announcement is not a decision to regulate formaldehyde but only a statement that EPA is not able to rule out the possibility that formaldehyde might present an unreasonable risk to human health."

Under the toxic substances law,

the agency can find health risks "unreasonable" only if they outweigh economic and other adverse effects of regulation.

"I'd say we won the case," said Jane Bloom, a lawyer for the Natural Resources Defense Council. "As a result of our lawsuit, the agency rescinded its previous decision and agreed to put in place a chemical risk assessment which they had abandoned."

She said she was concerned that the agency had left open the option of not regulating formaldehyde or of turning the issue over to some other agency, such as the Consumer Product Safety Commission.

On Feb. 22, 1982, the Consumer Product Safety Commission banned formaldehyde foam as a health threat, but the action was overturned by the U.S. Court of Appeals in New Orleans. The Reagan administration did not appeal the ruling and permitted the foam to go back on the market.

The Formaldehyde Institute, an industry group, called the EPA's decision inappropriate but said it would work with the agency during the review period.

traditionally the largest immigrant group, and accused the opposition of racism.

Andrew Peacock, leader of the opposition Liberal Party, challenged the government Sunday to bring its immigration policy in line with what he said was public sentiment.

"Moving too far away from public opinion can only serve to jeopardize the work of previous governments in establishing sound immigration policies," he said.

On immigration in general, the poll said 64 percent of Australians thought the overall number of 90,000 for 1984 was too many.

Australian Poll Finds Anti-Asian Bias

The Associated Press

SYDNEY — Many Australians believe that too many Asians are being allowed into the country and want to see their numbers reduced, a Gallup Poll has found.

The Gallup Poll said a national survey found that 62 percent of the respondents disapprove of the growing numbers of Asians entering Australia and the increasing ratio of Asians in the overall flow of immigrants into the country. Another 37 percent approved of the proportion of Asian immigrants entering Australia while 8 percent were undecided, the poll said.

The government has responded to the charge by denying it is biased against British immigrants,

The dispute began when a historian, Geoffrey Blainey of Melbourne University, claimed the government of Prime Minister Bob Hawke was favoring Asians in an anti-British immigration policy.

The government has responded to the charge by denying it is biased against British immigrants,

traditionally the largest immigrant group, and accused the opposition of racism.

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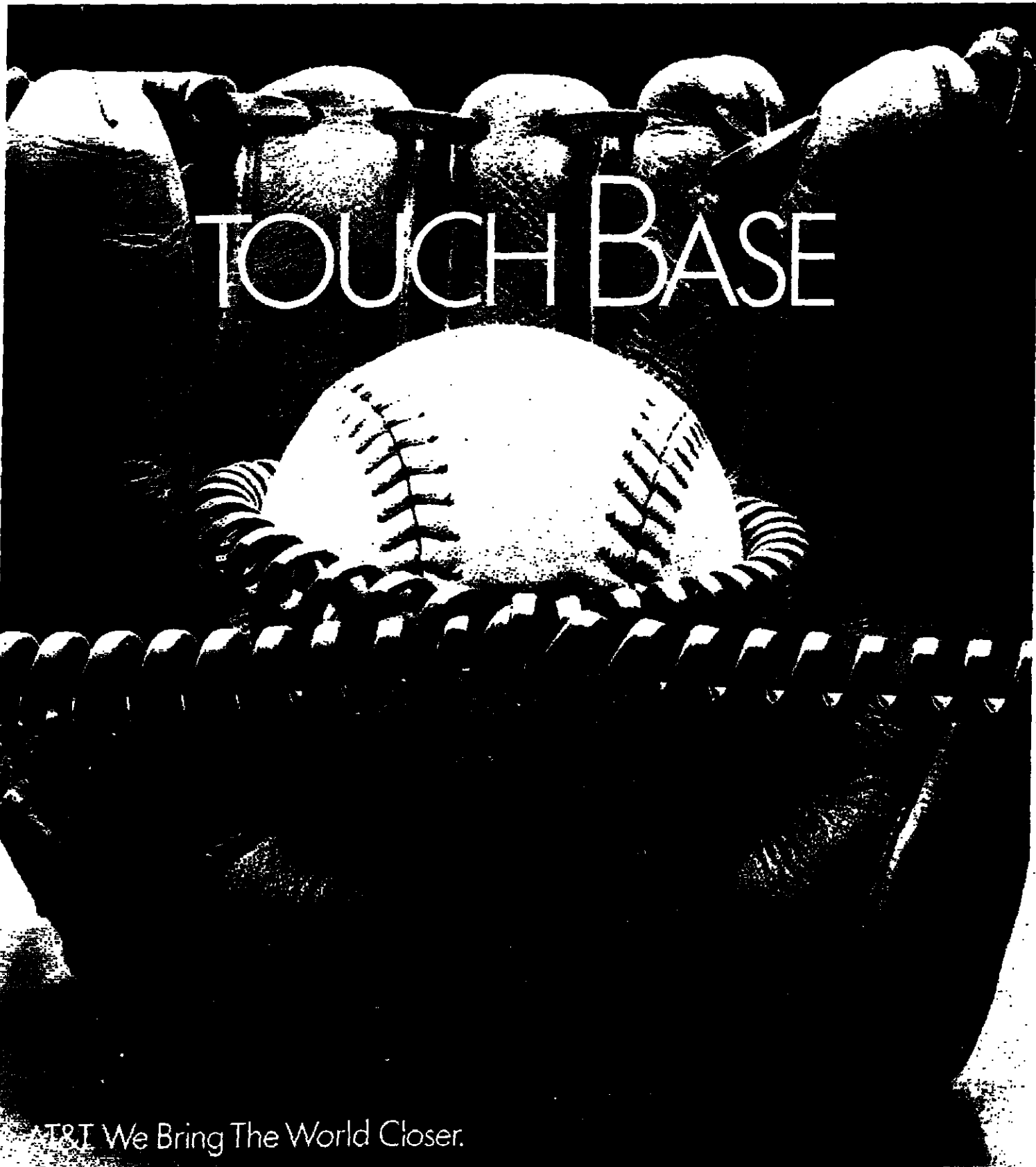


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HOVER SPEED



BACK TO NARITA — About 3,000 demonstrators marched Monday on Narita Airport, 40 miles (64 kilometers) from Tokyo to protest a government-planned expansion of the facility. The demonstration took place on the sixth anniversary of the opening of the airport, which gave rise to numerous and violent protests by farmers and radicals opposed to its construction.

U.S. Reform Jews Urge Renewed Ties to Blacks

By Robert D. McFadden
New York Times Service

NEW YORK — The leaders of Reform Judaism have called on American blacks and Jews to preserve their historic social alliance despite "traumas of the moment" that they said had been engendered by the Rev. Jesse L. Jackson's presidential campaign.

The Union of American Hebrew Congregations, which represents 770 Reform synagogues with 1.25 million members in the United States and Canada, urged restoration of the "coalition of conscience" that has long made blacks and Jews "natural allies in the struggle for social justice in America."

Responding to a growing rift between the nation's 26 million blacks and three million Jews, the union appealed to all presidential candidates, leaders of public opinion and "responsible groups in American society to repudiate all threats of violence and appeals to prejudice, indeed, all assaults on the democratic process."

"We are deeply distressed by the atmosphere of harassment, threats of violence and appeals to prejudice that have been part of the current election campaign," 130 trustees of the union declared in a resolution adopted by a voice vote, with notable dissent, at the end of a three-day meeting in Secaucus, New Jersey, on Sunday.

Some trustees said they opposed reconciliation in the face of what they called black anti-Semitism. "We are troubled that presidential candidates and other leaders of American public opinion have failed to adequately respond to the assaults on the democratic process," the resolution said. "We

condemn as indefensible threats of terrorism and reprisals directed against blacks or Jews, whether emanating from the Jewish Defense League or the Nation of Islam."

Nonetheless, the trustees said, "the traumas of the moment must not be used to justify the Jewish community's withdrawal from our historic commitment to social justice and to cooperative efforts for decency."

Concluding their semi-annual meeting, the trustees called for measures to strengthen black-Jewish ties. "The Reform movement is the most liberal within Judaism and has long been closest to the aspirations of American blacks. While the voice of Reform is not strong among Conservative and Orthodox Jews, conference participants said the message was likely to have a positive effect on black and Jewish communities."

"The stances taken here will permeate the movement on a national level; I'm sure other groupings will follow," said Rabbi Alexander M. Schindler, president of the union. The initiatives outlined by the trustees indicated that the strategy would be to reach out to black churches and Jewish leaders to support the traditional ties with major black organizations, such as the National Association for the Advancement of Colored People and the Urban League.

The long-standing alliance of American blacks and Jews has undergone severe strains in recent years, with blacks angered by the reluctance of many Jews to support affirmative action programs and Jews angered by black antipathy for Israel and support for Arab and Palestinian causes in the Middle East.

Zimbabwe Brutality Issue Divides Clergy

By Glenn Frankel
Washington Post Service

HARARE, Zimbabwe — By any public measure, the confrontation between the government and the Roman Catholic Church over army brutality in Matabeleland is their most intense since Zimbabwe gained independence four years ago.

But the issue has also stirred conflict within the church itself. The dispute is between senior church leaders, who say that quiet diplomacy has persuaded the government to improve conditions in the region, and individual priests, who say the church may be rightfully blamed for condoning atrocities if it does not speak out more forcefully.

The conflict is particularly intense because the church is the most influential of the handful of civil institutions that survived a seven-year war of independence and now a bloody insurgency in Matabeleland in the south.

"The survival of the people of Matabeleland may depend on what the church says," the Rev. Hebron Wilson, a priest in the southern city of Bulawayo, asserted. "Either the church goes forward with integrity or it stands to lose credibility for good among the people we serve."

Father Wilson is one of several clergymen in the region, not all of them Catholic, who have accused army soldiers of killing, torturing and raping civilians in the area, where a military counterinsurgency

campaign has been carried out since February. A Catholic priest in Harare, the Rev. John Gough, last month charged the government with pursuing genocide against the Ndebele-speaking minority in Matabeleland.

Government officials have reacted angrily to the charges, pointing to new road, school and health projects as proof that the government is not seeking to exterminate the people of Matabeleland.

The officials accuse the clergymen of siding with Prime Minister Robert Mugabe's main rival, Joshua Nkomo, whose political stronghold is in Matabeleland.

Health Minister Sydney Sekaramayi, in a recent speech at the opening of a health clinic in Matabeleland, accused Father Wilson's bishop, Henry Karlen of Bulawayo, of "spreading filthy lies." Mr. Sekaramayi said he was "a queer bishop in league with Satan, Joshua Nkomo, bandits and other evil forces hell-bent on trying to destroy our nationhood and the unity of all our people."

Despite the vilification, church leaders insist that their relations with the government have not soured, although they concede that the situation is highly uncertain.

"At the moment we can still go to government and they are prepared to see us at any time, even on the most sensitive issues," said Bishop Patrick Mutumbe, secretary-general of the seven-member Zimbabwe Catholic Bishops' Confer-

ence. "But we don't know what the future holds."

Bishop Mutumbe said the bishops presented Mr. Mugabe's office with a report April 6 outlining allegations of army brutalities and widespread hunger in the area, where there is a drought. Three days later, the government, which was also under pressure from Western diplomats to lift restrictions on food shipments into the area, announced it was easing the strict military curfew.

The report "was supposed to induce the government to act quickly, and it did," Bishop Mutumbe said. The report has not been made public.

The Catholic Church, which counts about 10 percent of Zimbabwe's eight million people as members, has always considered itself nonpartisan but has been embroiled in politics since the days when the white minority government of Ian Smith fought black guerrillas in the breakaway British colony of Rhodesia.

In 1972, the church established its Justice and Peace Commission, which publicized alleged government atrocities. Mr. Smith branded it a communist tool.

Many church officials welcomed Mr. Mugabe's election victory in 1980, and the church has cooperated with government agencies in rural development projects since then. "It is a good government that is doing tremendous work in education, health, development and other

areas," said Michael Auret, chairman of the Peace and Justice Commission. "They have a huge problem in Matabeleland, but that is only one part of the country."

Nonetheless, while Mr. Auret insists the state has an obligation to put down the armed insurgency in Matabeleland, he says the army has far overstepped its proper role. "They have destroyed their own credibility," he said of the soldiers.

Last year, following a similar military crackdown in northern Matabeleland, the bishops issued a public statement condemning what they called a "reign of terror."

One response was public vituperation from Mr. Mugabe, himself a Catholic, against "sanctimonious prelates." But Mr. Auret said government officials also took steps to lower the level of violence and established a commission of inquiry.

But priests who say they see victims of the army's campaign on a daily basis charge that the results of quiet diplomacy have been inadequate. "People are still being killed," Father Wilson said.

Bishop Mutumbe said that the bishops "could induce a public confrontation, but I don't think the people of Matabeleland would win in that scramble."

Czechoslovak Visits Belgrade

BELGRADE — Prime Minister Lubomir Strougal of Czechoslovakia arrived in Belgrade Monday for a four-day visit.

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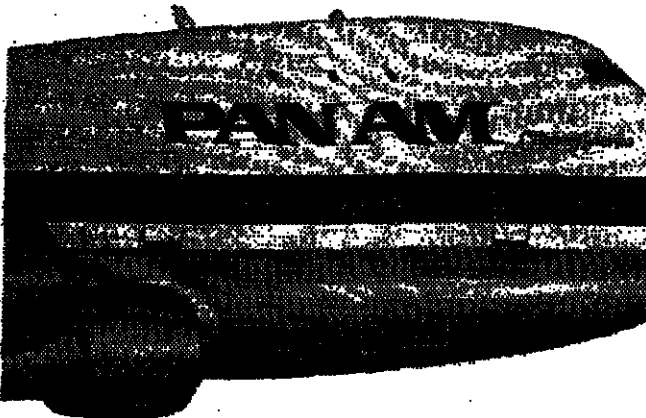
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Cambodia's National Day of Hate Marks Anniversary of Pol Pot Rule

BANGKOK — Thousands of people turned out to mark Cambodia's National Day of Hate with a rally to mourn the victims of the deposed Khmer Rouge regime, the government news agency in Phnom Penh said.

SPK, the voice of Cambodia's Heng Samrin government, said Chea Sim, a Politburo member, addressed the gathering Sunday in the capital. The Khmer Rouge, led by Pol Pot, have been accused of killing up to three million people in the four years before they were driven from power by Vietnamese troops in 1979.

In a dispatch monitored in Bangkok, the agency said May 20, 1975, "was the day the Pol Pot gang began to implement its systematic, overt and savage genocidal policy against the Kampuchean (Cambodian) people throughout the country."

"It was the day when the blood and life of more than three million innocent Kampuchean was shed and destroyed, when the tears of the surviving Kampuchean started flowing up to the present," it added.

Western experts have placed the death toll at about 1.5 million.

The Day of Hate was called to allow people to vent their anger against Pol Pot and other enemies of the nation, including the "American imperialists" and the "Chinese expansionists," the announcement said.

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Toward the Debt Brink

When America's interest rates rise one percentage point, the added annual cost to Third World borrowers is nearly \$4 billion. The rates have risen more than a point in two months, and may go higher. It is a new phase of the world debt crisis, posing a particular dilemma for the United States, which thus appears to be profiting from the troubles of the poorest nations. This emerges the nations whose interest payments already eat up all their foreign trade earnings. Why, they ask, should they have to tighten belts even more to underwrite the prosperity of the United States? It is "madness," says President Raúl Alfonsín of Argentina.

Federal Reserve Chairman Paul Volcker is equally although less pungently concerned. President Reagan's budget deficits have forced the Fed to tighten its hold on credit, even though it knows that this threatens the debtors' recovery and may force them to choose between political turmoil and default.

The most discussed remedies, or palliatives, are to put a cap on the interest rates that the nations in greatest difficulty pay to foreign banks, or to convert some of the interest into loans to be repaid in the distant future. Mr. Volcker and Anthony Solomon, the president of the Fed's New York branch, are the most active advocates of this course. They believe that some debtors are reaching the limit of the load they can carry. They also think that the Fed could better manipulate interest rates

against inflation if Third World debt were insulated from further increases.

Any such relief would impose at least a temporary cost on someone else. Mr. Volcker and Mr. Solomon are in effect lobbying to have the world's commercial banks pay it — with varied accounting schemes to mitigate the pain. The benefit to the banks would be greater. The Fed can more rationally control credit to resist inflation in the United States. The Reagan administration, unfortunately, prefers its customary position of minimizing the crisis. Treasury Secretary Donald Regan has again said he sees no need for special Third World accommodations. Some bankers vigorously resist any remedy that would reduce bank earnings.

Three dozen countries, owing more than \$600 billion, have had to be rescued from default on interest payments in the last two years with new bank loans and loans from the IMF. In return they have had to adopt politically risky austerity measures. But these short-term remedies have kept the banking world jumping from crisis to crisis while still losing ground to rising interest rates. Only a strategic response can pull everyone back from the brink. As the West's leaders prepare for the London economic summit next month, no subject should be higher on their agenda.

— THE NEW YORK TIMES.

When Intervening Is Fine

Few words in diplomacy are so imprecise and negative as "interventionism." No nation admits either the urge or the deed. Your country may intervene, ours only protects vital interests, common values or whatever. So when Mexico's President Miguel de la Madrid cautioned President Reagan against "interventionist solutions" in Central America last week, he was offering only laudable sentiment.

Take the vexed matter of El Salvador. In blurring out a classified secret, Senator Jesse Helms confirmed what many suspected — that José Napoleón Duarte, a Christian Democrat, owes his election as president to considerable U.S. financial and logistical help. Interventionism? Yes. Shameful? Not in the circumstances. The conflict in El Salvador is triangular. Marxist guerrillas get sustenance from Cuba and Nicaragua, although its magnitude may not be crucial. The right-wing ARENA party led by Roberto d'Aubuisson has been generously bankrolled by wealthy Salvadoran exiles living in Florida. In the middle stand the reformist democrats led by Mr. Duarte. To deny them aid would be a nonintervention that only rewarded interventionism.

No one has described the underlying dilemma better than John Stuart Mill. To be morally legitimate, he wrote, nonintervention needs to be respected by all: "The despot must consent to be bound by it as well as free states. Unless they do, the profession comes to this miserable issue — that the wrong side may help the wrong, but the right must not help the right."

As Mill also saw, justifiable interventionism is not always prudent. Intervening for unattainable goals is even more imprudent than normal wishful diplomacy. Nor can intervention help foreign partners when it is so blatant as to discredit them in nationalist eyes. And for any treaty-bound nation, military intervention surely ought to be a weapon of last resort.

Mexico, quite plainly, is not now questioning the use of trade or aid to sway other countries; it has helped Nicaragua with low-cost oil. If President de la Madrid had truly spoken his mind, he would have questioned Washington's reliance on force for purposes that are either undefined or unattainable.

Clearly put, that objection would have been a welcome intervention in the debate in the United States. For the Reagan administration is deeply committed to a misconceived and clumsy action against Nicaragua. If meant to depose the Sandinistas, the venture is dubious, inadequate and probably counterproductive. If meant to soften them up for a bargain, what plausible terms are being offered? If meant to defend Mexico and Central Americans, why do so many of them fail to welcome it?

Perhaps Mr. de la Madrid made his meaning clear to Mr. Reagan in private. If Nicaragua can be shown to be intervening militarily against El Salvador, Mexico could be an invaluable partner in an open and collective program of sanctions. That, too, would be intervention, but without hubbub.

— THE NEW YORK TIMES.

Other Opinion

Could Europe Have an Army?

The sudden escalation of the Gulf war last week sent shock signals around the world. As usual, all eyes turned to Washington. Meanwhile, the countries that are really at risk if the Gulf were closed — in Western Europe and Japan — do little but watch as the danger grows greater. If anybody has an interest in keeping the flow of oil going, it is they. More than a quarter of Western Europe's oil comes from the Gulf, against only 4 percent of America's. Yet Europeans seem powerless to act.

The prospect of Japanese or German soldiers going to war for the first time since 1945 is not an appetizing one. But Western Europe needs to be able to dispatch troops when necessary, even if they include no Germans.

The last attempt to create a European army collapsed in 1954 when both the British and the French refused to join the proposed European Defense Community. [Now] France's President Mitterrand has proposed that an old institution should be revived as the vehicle for the new European defense community — the Western European Union. Both Sir Geoffrey Howe, the foreign secretary, and Michael Heseltine, the defense secretary, have welcomed the French proposal, but have made it clear that they see little role for a European defense policy independent of the United States.

Since 1945, Britain has dismissed every important European political initiative, then tried to join it, then complained that it was ill-suited to Britain. The Thatcher government seems doomed to make the mistake again.

— Stephen Milligan, foreign editor, writing in *The Sunday Times* (London).

A Slow Pace for Asian Women

In one Nepalese village, women do most of the farming and all the housework. They collect water from the foothills and heave the jars up to their homes. Lamented a teacher, "Unless you do something about the water supply in villages like ours, nothing can be changed. Do you see how you talk with goodness of heart but no understanding?" The Nepalese teacher was talking at an international forum on women's problems in developing countries. Her words illustrate vividly how intractable and varied the problems can be.

As 1985 nears, ending the UN Decade for Women, the world is not much nearer to equal opportunities. Some 1.28 billion women in Asia and the Pacific region are singled out for programs to nudge them into the mainstream of development and equality with men. Access to science and technology is seen as a powerful tool for women's development. Women in politics, both in elective and appointive roles, are also highlighted. [But] even in America, equal opportunities remain an ideal.

— *The Business Times* (Singapore).

A Usage-Related Admonition

It always gives me a thrill when I spot a new usage creep into the language, and I would like everyone to give a big hand to the hyphenated noun-plus-participle masquerading as an adjective. [However,] this little construction will become a bad habit, a reflex-linked action, before we know where we are. I find the whole thing a nausea-operated topic.

— Miles Kingston in *The Times* (London).

FROM OUR MAY 22 PAGES, 75 AND 50 YEARS AGO

1909: Crisis in Dominican Republic

ST. THOMAS, Danish West Indies — The situation in the Dominican Republic has been critical for some days past, since two generals started an insurrection, General Quiroga Felice in Santiago and General Camacho at Guaymas. According to the latest dispatches, they were about to join forces at Santiago and march on Santo Domingo, the capital. Hayti has evidently taken advantage of this unsettled state of affairs to invade the territory of the sister republic. The seriousness of the situation is in the overwhelming superiority of Hayti's military and naval strength. Her army consists nominally of 6,828 men, with a special "guard of the Government" of 650 men. Santo Domingo's only military forces are six companies of artillery and the Rural Guards.

1934: U.S. Strikes Turn Violent

NEW YORK — Strike fronts in three sections of the United States were marked with violence [on May 21]. Fierce frays took place in Minneapolis, where police battled with more than 1,000 striking truck drivers who sought to prevent shippers from running a convoy of foodstuffs through picket lines in an effort to relieve a critical food shortage. In New Orleans several shots were fired when police attempted to break up gatherings of striking dock workers who threatened to clash with men temporarily filling their jobs. None was injured in the clash, but several pickets were arrested. Bitterness continued in the strike in the Alabama coal fields. Striking miners attempted to hurl a heavy dynamite bomb into the shaft of a mine at Coal Valley.

Diktat: No Games for Unanimous Satellites

By Leopold Unger

BRUSSELS — All the Soviet Union's client states, with the unsurprising exception of Romania, have announced that for the very reasons put forward by the Soviet Olympic Committee they, too, will boycott the Los Angeles Games. But this unanimity is a facade.

The fallout from the Soviet veto will affect far more than the world of sports. More than any other single event in recent history, this enforced boycott focuses attention on the unhappy inheritance of the Yalta accords. The citizens of East European countries are aware of this.

They know that they were forced to give up participating in the Los Angeles Games to advance Soviet interests and not their own.

In East Germany, national interests are directly tied to participation in the Games. By boycotting Los Angeles, East Germany loses an essential element in its international standing. The extraordinary Olympic successes of the past — a medal for every 200,000 East Germans, compared to a medal for every 2,000,000 U.S. citizens — were awarded this year as a prime justification of national pride that would add some glimmer to celebration of East Germany's 35th anniversary.

Even for countries less distinguished in sport, the Games were to be an opportunity to exist under their own flags and emblems, on an equal level with any country in the world.

The Soviet veto singularly demonstrates that these ancient and proud nations have been reduced to the humiliating status of satellite states. The total Soviet control over its "allies" and the complete servitude of their governments have forced them to follow the Soviet lead.

This is a sharp blow, and a lesson that those countries will not soon forget. If Soviet pressure is this strong in an apparently secondary domain such as sports, it becomes easy to see what price must be paid for the "friendship" of the Soviet Union in the fields of diplomacy or economy. The Communist leaders of these countries had to take yet another step toward losing what remains of their credibility with their own populations.

China has given greater emphasis to the Yalta aspect of the Olympics by announcing that it would attend the Games for the first time in 32 years. It took part in Helsinki in 1952, but decided to boycott the 1956 Melbourne Games because of the presence of a delegation from Taiwan. Now China has let it be known that it will be present in Los Angeles despite the planned participation of Taiwanese athletes.

Bitterness in Eastern Europe is only deeper and more widespread because of that. And for the first time it reaches the *nomenklatura* in a big way. The community of athletes in Communist countries is powerful and influential. There are 55,000 coaches in the Soviet Union and 125,000 professors of physical education who manage and direct the millions of athletes who give the Soviet Union its predominant role in sports. The Academy of Moscow has seven higher schools of sports with 380 students.

Athletes are part of the elite of the nation. They are all professionals, paid and maintained by various clubs, particularly those of the Army and the KGB. The same system prevails in the other East European countries.

All these people have been affected by the Kremlin's veto. Their efforts of the last four years have been for nothing. Many athletes will roll with the punches, in silence; some will even sign declarations of support for the boycott. But the vast majority, particularly in Poland and Hungary, will not remember the insult.

All the more so because athletic competitions are a way to resolve national frustrations — that is, to be legally and Soviet.

The water polo match in Melbourne in 1956 between the Soviet Union and Hungary was bloodied by the hatred that resulted from the

recent tensions in Budapest. During the Soviet-led invasion of Czechoslovakia in August 1968 the Red Army met no resistance, but a world championship ice hockey match between the Czechoslovak and Soviet national teams in Prague in March 1969 led to anti-Russian riots.

Wladyslaw Kozakiewicz, the pole vaulter who won at the Moscow Games and made clear to the chauvinistic Moscow crowd the source of an insulted but victorious Pole, has become a legend in Poland and a symbol of rejection of Soviet domination. When Lech Walesa attended a recent school match between Gdansk and Juventus of Turin, the crowd of 100,000 turned the occasion into an anti-Solidarity demonstration.

Now the Soviet decision and the obedience of the satellite leaders deprive the people of the Soviet bloc of all this — and also of an extraordinary show that they had been awaiting for several years. It is a blow to millions subjected to the gray shades of daily state television and eager for the glimpse to the world that would have given them the illusion of belonging to a large and free human community.

International Herald Tribune.



Warning: West Germany Is Drifting to Neutralism

By Philip Geyelin

WASHINGTON — Geography makes the Federal Republic the centerpiece of any strategy for the defense of Western Europe. It follows that when serious West Germans talk of a deepening identity crisis, policymakers and politicians would be well advised to pay attention.

Too a degree, West Germany's angst is also Europe's. It has to do with a generational distancing from the spirit and purposes of the early Atlantic Alliance days; with economic stagnation; with fear of being a U.S.-Soviet nuclear battlefield.

But West Germany's angst is also uniquely indigenous, rooted in its past and aggravated by the postwar division that consigned East Germany to Communist rule. The Christian

Democratic mayor of Frankfurt, Walter Wallmann, laid it out in an unsettling way in Washington last other day over breakfast, and then in a speech to the American Institute for Contemporary German Studies.

His message was also delivered in private talks with Reagan administration officials and members of Congress. It boils down to a plain warning that West Germany's allegiance to the Atlantic Alliance, and even its membership in NATO, is no longer something to take for granted.

"The consensus over foreign policy which has existed between the two major parties ever since 1959 has broken down," Mr. Wallmann said.

he speaks with a certain detachment, and some partisan passion. But he is far from alone in his argument and his historical analysis.

From Bismarck at the end of the 19th century until after World War II, he contends, Germany did not have an established *raison d'état* — a clear definition of its place in the European scheme of things. The postwar "German question" was resolved after a bitter battle between a Christian Democrat, Konrad Adenauer, and a Social Democrat, Kurt Schumacher, over whether the Federal Republic should seek its security in the Atlantic Alliance or reach out for national reunification and neutrality.

In 1959 a Social Democratic Party conference created the *Grundgesetz*, in Adenauer's favor, that Mr. Wallmann says has now broken down. Whether that is literally the case is less important than the visible trends and tendencies that have gradually reshaped a "German question" that was supposedly settled 25 years ago.

As far back as in 1962, Willy Brandt, who now heads the opposition Social Democratic Party, initiated "Ostpolitik" as West Germany's chancellor. His goal was a gradual rapprochement with the East, designed to culminate over time in a "normalization" of relations and, ultimately, in reunification.

Now, under a Christian Democratic government, Ostpolitik has revived. It finds its expression in regular weekly telephone chats between Chancellor Kohl and his East German opposite number; in increased trade and other contacts; in a surprising and not entirely explicable decision by the Soviets earlier this year to allow 50,000 East Germans to move west — perhaps in part as a form of repayment for the one billion marks that the West German government loaned to East Germany last year.

Mr. Wallmann sees no prospect for reunification, and he therefore recognizes strict limits to the promise of Ostpolitik in the absence of fundamental change in the Soviet Union and its European objectives. Although he is well aware of the obstacles to a better alternative — a return to the building of a truly united Europe, self-sufficient militarily and speaking with one voice politically — that is the direction he would choose.

But the real choice, he figures, will be made by Britain and France. If they are not prepared to move in that direction, too, then the neutralist tendencies in the Federal Republic will grow. "That course may not be unrealistic," says Mr. Wallmann, although "there have been times when German politics were not always free from hopes and utopian dreams."

The Washington Post.

Signs of German Change, 35 Years On

By William G. Andrews

PARIS — The number 35 looms large on the German landscape this spring. In one context, it commemorates the beginning of the post-war era. In another, it may presage its end. Interviews and observations during a recent trip through both Germanys suggest that connection.

The commemorations began with the 35th anniversary of the NATO treaty on April 4. The signing of the treaty preceded the founding of the Council of Europe on May 3, 1949, the collapse of the Berlin blockade on May 12 and the establishment of the Federal Republic in West Germany on May 23 and then of the German Democratic Republic in the Soviet zone a week later.

Those two short months ended a generation of almost unrelieved turmoil and tragedy and laid the foundations of postwar Germany and Europe. The failure of the blockade and the success of NATO froze the Cold War frontier in the West. The Council of Europe became a cornerstone for European integration. The creation of the two Germanys gave permanent, contrasting forms to their political, economic and social lives.

The 35 years since 1949 have been a time of stability. West Germany has enjoyed unprecedented prosperity. The torpor of the East German economy has been equally constant. Except for the June 1953 revolt in East Berlin, neither governmental system has faced a serious challenge.

West Germany has been animated by an almost obsessive search for political and social conciliation, in reaction to the preceding chaos. It developed formal and informal structures and practices to avoid open conflict on all but the most superficial matters of managerial politics.

The major political parties allied on most important policies. Disputing parties drew little support, their aggregate vote total falling below 1 percent. The two houses of parliament had contrasting partisan majorities for 13 years, yet, according to a parliamentary official, they disagreed on fewer than 3 percent of the laws.

Bundestag committees held their hearings behind closed doors to stave off discord and facilitate agreement. Labor and management shared that attitude, collaborating to maintain an extraordinary degree of industrial peace. The Federal Republic has had only half the strike rate of France, one-fourth that of Britain and one-eighth that of the United States. That concord culminated in a formal procedure through which top business and labor leaders found common positions on most economic and social issues.

Consensus in the Democratic Republic rests on quite a different basis. To the initial fear of reliving the disorder of the previous generation is added the oppressive presence of the Red Army and the Volkspolizei. Dissidence was further dampened by the westward flight of 3 million East Germans between 1949 and 1961 and the trickle thereafter.

Tact acceptance of the system by the great mass of East Germans has been fostered by slowly rising living standards and the drumbeat of indoctrination through the media and the educational system. By 1970, everyone under 60 has been educated entirely under totalitarianism — Nazi, Communist or both.

Travel in East Germany distills

no ripple of change in that social calm. However, the number 35 in its second context may be signaling an end to consensus in the West. The number is plastered all over West Germany as part of labor's campaign to reduce the workweek to 35 hours. That effort may be generating the biggest social-political conflict in postwar Germany. The current strife by the powerful metalworkers' union may be only the first big test in a burgeoning confrontation.

In the background are other, less spectacular, signs that the postwar consensus has eroded. The formal concord between business and labor has ended. For the first time since 1957, a dissident party, the Greens, has appeared in the Bundestag. The Social Democrats, who broke the 30-year bipartisan truce on foreign policy last fall with their opposition to the deployment of Pershing-2 missiles, have begun to prepare a long-term policy program that is expected to bring them into broader ideological conflict with their rivals.

Consensus has faltered before, but each time it was patched up, and the system continued with little change. The clash over Willy Brandt's policies toward Eastern Europe in the early 1970s and the recurrent disputes over worker participation in industrial management are examples.

This time, though, the number 35 is suggestive. It evokes the shift of the center of political gravity downward from the generation that emerged from World War II. The successors may lack the deep commitment to order and stability that has been the basis for the postwar consensus. The whole tone and character of West German politics may be changing.

International Herald Tribune.

Olympic Politics, 1984

Regarding "Concern for the Team's Safety" (Other Opinion, May 14):

What planet does Christopher Brasher of *The Observer* live on? He writes that the Russians are not boycotting the 1984 Olympic Games in Los Angeles but simply "staying at home because they believe that there are fringe groups in California who would delight in putting a bullet hole through the back of an athlete wearing a Soviet track suit." I know these Americans, and they are not fanatics, not lunatics, not "fringe" by any means, but intelligent people of anti-Communist persuasion. They would not kill. They are law-abiding citizens who exercise the freedom to protest and to demonstrate peacefully.

ANTHONY MANTYKOWSKI
Carrollton, France.

Regarding the opinion column "Moscow's Olympic Gambit: Defections Averted" (May 10):

Does Arnold Beckman honestly believe that East bloc athletes would defect in droves upon catching a

glimpse of Sid Grauman's *Gladiator* Theater or of a McDonald's on Sunset Boulevard? As a longtime writer of Soviet affairs, he should know that defections would have been few.

He himself points out that "the U.S. today is probably the most difficult police and spy agency in the world." Would it not be questionable to entrust travel to the land of "black face scoundrels"? Family ties, which play a very large role in Russia, would have kept most athletes from defecting.

Perhaps the Reagan administration's lukewarm support for Soviet participation in 1984 and revivification of the U.S.-led boycott in 1980 played a much larger role in the Soviet Union's decision to pass up Mr. Beckman's "Hollywood gambit."

MATTHEW A. WEILLER
Würzburg, West Germany.

It is interesting to note that in 1980 no journalist, however imaginative, would have conjectured that athletes would be boycotting the Olympic Games for fear of athletes might defect.

KATHRYN J. ANGELIS
Athens.

LETTERS TO THE EDITOR

While it is true that the members of the Soviet and other East bloc athletic teams are not the same as Western professionals, there is little chance about them. Despite the fact that many Western athletes who were late to turn professional — such as Muhammad Ali and Sugar Ray Leonard — were successful against the Soviets' best, there is no doubt that the facilities and training opportunities provided for these "semi-pro" athletes are far better than those given to one, an excited by the prospect of viewing the first truly all-amateur Olympics in decades.

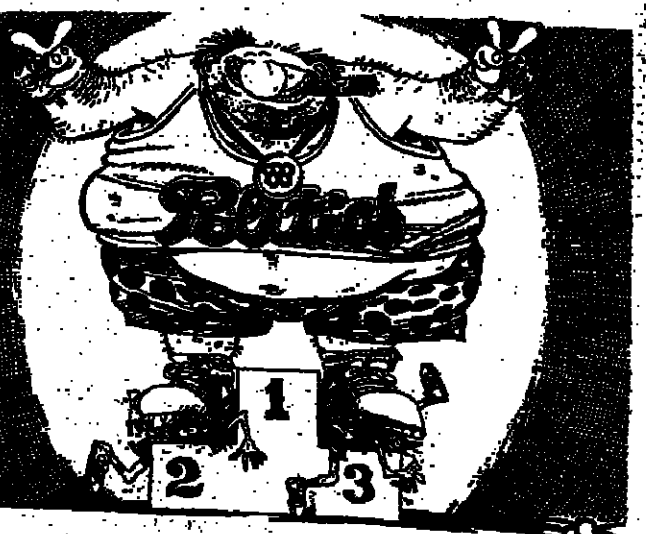
S. RITTERMAN
Paris.

Regarding "Olympics: The Whining Ball" (Other Opinion, May 12):

While I agree entirely with the thrust of this Los Angeles Times comment, I believe it overlooks an obvious solution to save the troubled Olympics. If a new direction is not taken, the Games will not last out the 20th century. The most basic reforms would be to establish them at a per-

manent international site, and that site should be in the country of origin of the Games; Greece. The International Olympic Committee must be urged at every opportunity to take this step, not only to preserve the

Olympic ideals of international competition and goodwill but for the very survival of the modern Games beyond their 100th anniversary in 1996.

FRANK J. FAUBERT
Scarborough, Ontario.

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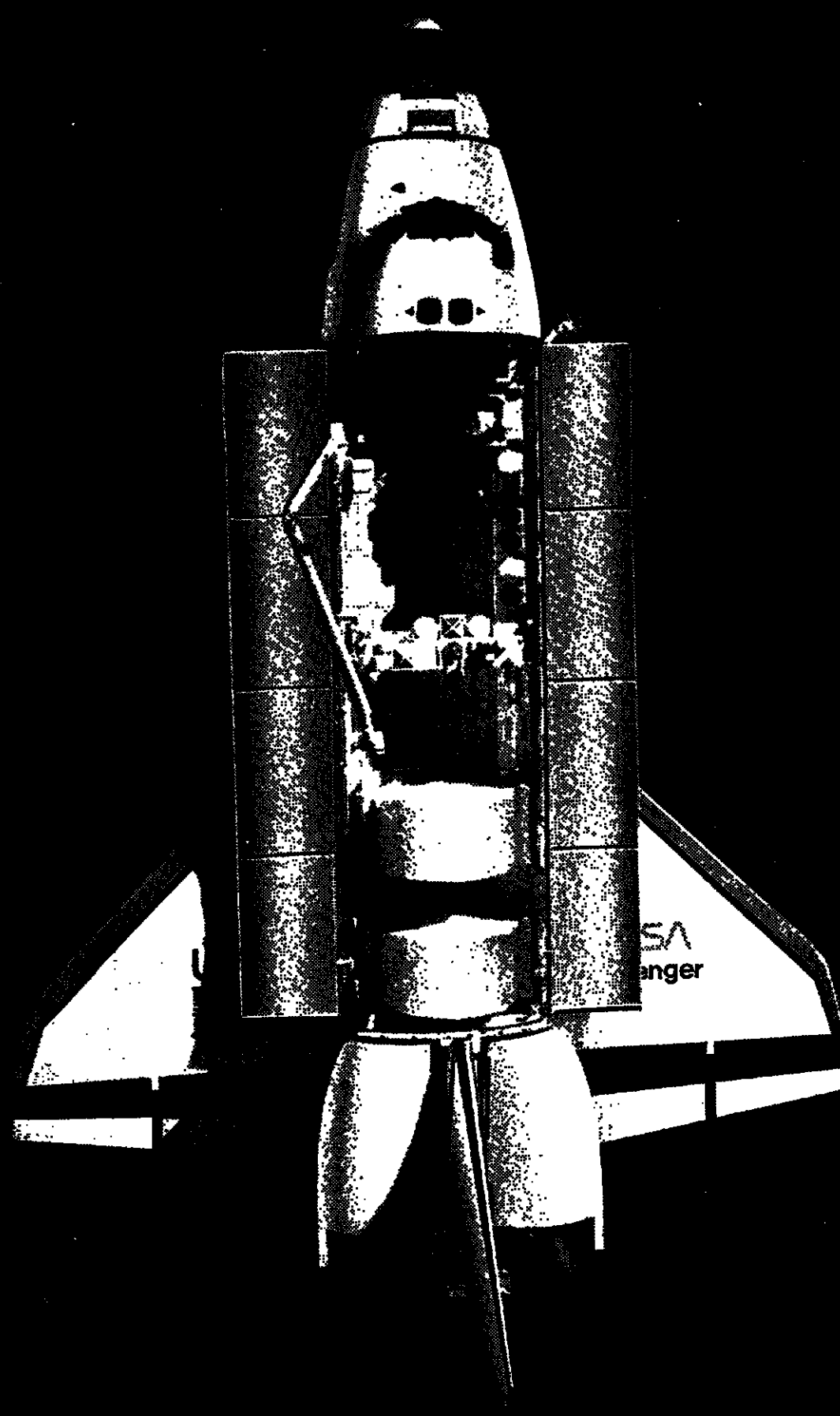


Photo of the Rockwell International-built Space Shuttle in orbit, taken from the West German SPAS satellite.

ARTS / LEISURE

Cannes: Business Before Art

By Thomas Quinn Curtiss
International Herald Tribune

CANNES — It is business before aesthetic pleasure at the Cannes Film Festival this year. Once its lure was the unveiling of promised screen masterpieces. Now market affairs dominate. It is boasted that more films are bought and sold here than anywhere else in the world.

A remnant of the faded high life is maintained by companies with products for purchase. Prospective clients and visiting reporters are bidden to dinner parties, cocktail receptions and suppers. The social tone is no longer that of theatrical Bohemia but rather that of a convention get-together.

Players in participating films occasionally appear with an entou-

rage of eager photographers, but rock stars outshine movie stars these days.

Meanwhile the screenings go on. In "Voyage to Cythera," the Greek director, Theo Angelopoulos, introduces a producer who wants to make a movie about a political refugee, but, preoccupied by the line between fiction and reality, apparently never gets to work. This turgid, three-hour saga is illuminated by Yorgos Arvanitis's fine photography. But the film, unfolding with heavy tread, fails to organize and communicate its message.

Vincent Ward's "Vigil from New Zealand" is even more obscure, relating the gloomy nightmares of a young girl growing up in the bleak wilds, which look like the décor for a Samuel Beckett play.

Pat O'Connor's "Cal," an Irish entry, engages us in a melodramatic muddle about "the troubles" in a small town near Belfast. Its protagonist is an out-of-work Catholic lad who unwittingly becomes involved with terrorist gunmen. Assassinations, bombings, kidnappings and incendiary acts abound. But a better scenario might have been provided by setting St. John Ervine's old play about religious conflict in Northern Ireland, "Mixed Marriage," against the present-day chaos.

The Soviet Union is exhibiting two films in Cannes. The first, projected out of competition, is the more interesting: "Pavlov," a screen biography of the great dancer. It was shown here dubbed into English and edited by Michael Powell, who made the celebrated ballet film, "Red Shoes."

Most of the better Soviet films recently have come from the Georgian studios, as does Lana Gogoberitze's "The Day Longer Than the Night," which is on the prize-contending program. It relates the troubled life of a Georgian peasant woman and the turbulent social changes in her land. Alas, the film's recording of her hardships, as she

reviews her life at 80, is diffuse and long-winded.

Lino Brocka, the foremost director of the Philippine cinema, gained his reputation abroad from his contributions to earlier Cannes festivals. This year he arrived with his latest film, "Bayan Ko" which he illegally smuggled out of his homeland, feeling certain it would never have been approved by the censors of the Marcos government. It has been entered in the official competition.

Brocka describes "Bayan Ko" as a social melodrama. Its criticism of the present government is oblique. He has embroidered his story with television footage of the recent protest parades in Manila to illustrate the temper of the moment, but his scenario focuses on the woes that beset a young printer when his wife, become pregnant, must quit her job and the family income is decreased. In technique, this is his best work to date. It is moving in its depiction of the dark misery of Manila's slum population, swift and lucid in its narration and charged with a theatrical vigor that its director claims was inspired by study of the American underworld thrillers.

"Success Is the Best Revenge," a British entry, has been written and directed by Jerzy Skolimowski, Polish-born but living in London exile.

The chief figure of his script (played by Michael York) is like his creator, a Polish director living in London exile. To draw attention to the Polish cause he is rehearsing a weird protest pageant. Meantime, his rebellious 15-year-old son (Michael Skolimowski) takes more daring action, obtaining passage on a plane to Warsaw to do his bit for his father's country. The film, a strange one, alternates between the father's preparations for his surrealistic spectacle and the flight of the son. A peculiar and uneven contribution, its most impressive feature is a set of Topolski fresco caricatures of the Yalta conference.

Malcolm Lowry's novel, "Under the Volcano," has finally reached the screen in a version directed by John Huston with Albert Finney as the gonzo British consul going to pieces in 1938 Mexico. Finney,



John Huston

playing the desperate has-been fallen into chronic alcoholism and bent on self-destruction, conveys the fatalistic concept of the book with mastery expertise. But most of the film is otherwise disappointing.

Time has robbed the story of topicality. The references to the infiltration of Nazi agents and the sentimental recollections of the Spanish Civil War are quaintly old-fashioned. Jacqueline Bisset as the unfaithful wife has little to do and Anthony Andrews has been humorously miscast as the lover who, sporting a silly sombrero with turned-up brim and wearing a friendly smile, resembles a cowboy singer of the Roy Rogers ilk. Even the picturesque, macabre All Souls' Day fiesta is déjà-vu, having been exploited so exhaustively by Eisenstein in his Mexican masterpiece.

The major out-of-competition event at the current Cannes festival has been the world premiere of Sergio Leone's "Once Upon a Time in America."

The film traces the rise from New York's Lower East Side ghetto of a band of immigrant street boys who, beginning as petty thieves and minor racketeers, attain underworld power with the enforcement of prohibition. Operating as bootleggers, murderers and brothel-keepers during the dry era they move into extortion practices and shady labor union politics after the noble experiment was repealed.

The rogues' progress from poverty to riches is chronicled to individualize the members of the rat pack and as far as possible to "humanize" them. Set, sadism and sentimentality are the script's staples.

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Diana Vreeland: Keeping Legend Going

By Hebe Dorsey

International Herald Tribune

NEW YORK — Diana Vreeland is a legendary woman who, in that hazy somewhere-around-80 plateau, still has more than one ball in the air.

At the Metropolitan Museum's Costume Institute, she is working on two major exhibits: one on India and another called "Man and the Horse." The latter, scheduled to open next December, will succeed the Yves Saint Laurent retrospective, which so far has drawn more than 400,000 people.

Six weeks ago, she created her own design studio, Diana Vreeland Inc., expanding a fledgling license operation that already includes bedspreads for Wamsutta and furs for Michael

Forrest. And now a book, titled "D.V.," to be published by Alfred A. Knopf on June 11. It will be launched with a party at Mortimer's restaurant on June 14, courtesy of Bill Blass and Oscar de la Renta.

"It's just talk," Vreeland said of her book in a recent interview. "Because I'm not a writer, I talked into one of these machines, so every word is mine, but it's edited by George Plimpton and Christopher Hemphill."

Then she added somewhat formally: "It's talk, but I wouldn't call it chat."

The result is like spending two hours with one of "the very few great original women" in the United States, to quote Truman Capote, a "recount of the outé," as one book review put it. Vreeland was born in Paris. Her father, Frederick Young Dalziel, a personable Scotsman and a stockbroker, and her American mother were "racy, pleasure-loving, good-looking Parisians who were part of the whole transition between the Edwardian era and the modern world. Money didn't seem of any importance."

All kinds of people came to their house. Nijinsky came with Diaghilev. "Diaghilev was very impressive. He had a streak of white hair and a streak of black hair . . . but Nijinsky was like a pet griffin."

Her nurse — "appalling . . . but her name was Pink and I've always thought that name had great style" — took her and her sister to the Bois de Boulogne where she saw the parade of the great cocottes. "The great beauties of Paris, the great women of glamorous days."

She was presented at court in London — "You took food and you took a flask." She went to King George V's coronation in 1911. "The maharajahs were a dime a dozen and they put jewels on their elephants. . . . My sister and I saw them [the elephants] go by like taxis on Park Avenue."

After she married banker Reed Vreeland, they lived in London — "the life of Riley. We'd go to North Africa or we'd go to Bavaria or to Hungary. . . . We only went where the air was fragrant and life was easy. . . . We traveled rather luxuriously in our glorious Bugatti with our marvelous chauffeur and my maid from London and there was never any problem."

She opened a small lingerie shop where, she claims, Wallis Simpson — "She knew exactly what she wanted" — bought three beautiful nightgowns, "two pale blue, another in white . . . on her way to her first weekend alone at



Diana Vreeland at fashion display at the Metropolitan Museum.

Fort Belvedere with her prince." They later became friends. "Did I tell you about the Duke of Windsor's bathroom at the Moulins?"

She tells of meeting everybody who was anybody — Jackie Kennedy Onassis, Chanel, Cole Porter, who had "the patina of the world," and Clark Gable, who "wasn't all that handsome, his head was too big." When he took her to the nightclub El Morocco, "Clark grabbed my hand. 'Don't look left,' he said, 'and don't look right, just keep walking. Hold onto your hat, kid, the place is gonna blow.'"

Vreeland naturally talks also of clothes and colors. Her eye for color is "perhaps the most exceptional gift I have." Her famous "pink is the navy of India" is followed by "green can look like the subway . . . red is the great clarifier."

When I say orange, I mean red-orange, the orange of Bakst and Diaghilev, the orange that changed the century. . . . All my life I've looked for the perfect shade of red. . . . Tacti-cab yellow is marvelous. . . . Black is the hardest color in the world to get right — except for gray."

Pauline de Rothschild's New York house was "the color of the inside of a pearl" and Prince Aly Khan, whom she first saw when he was 7, had a face "exactly the color of a gardenia."

Some of her well-known one-liners: "Horses smell much better than people."

"The French are very generous if you offer them money."

"If your feet are correct, you have elegance."

"For years, my maid Yvonne polished all my shoes after each wearing — including the soles."

All of this could appear superficial if one does not remember that Vreeland is an uncanny dog who, since 1936, has put in highly disciplined years first as editor of Harper's Bazaar then at Vogue. After she was fired from Vogue, in 1971 she made a spectacular comeback at the Costume Institute. Since 1973 she has staged remarkable fashion retrospectives that have been seen by millions.

But, with a British sense of privacy, Vreeland won't discuss grief and hardship. Her husband, whom she clearly adored, died of cancer; he was fired from a prestigious job and, all in all, there must have been some pretty hard years.

Her optimism undimmed, she prefers to view life as a rose. This she says best at the end of her book. "Did I tell you about Josephine Baker sitting next to her chestnut at the Miroir? Did I tell you about the zebras lining the driveway at San Simeon? You believed it, didn't you?"

Maybe it was not all true. Who knows? As she often told her reporters at her magazine, after sending them on impossible missions: "If you can't find it, fake it."

A 1927 Bauhaus Project Is Being Renovated

By James M. Markham
New York Times Service

STUTTGART — In 1927, a daring architectural experiment sprouted on an isolated hill overlooking this gently terraced city. In an unusual burst of concentrated creativity, Mies van der Rohe, Le Corbusier, Walter Gropius, Peter Behrens and 12 other pioneers of the modern movement assembled a housing settlement that they felt anticipated how the urban dweller would live for the rest of the 20th century.

The Weissenhof settlement, as the elongated strip of boxlike cement edifices was called, created an immediate stir. "The idea was a radical renunciation of the historic style," recalled Bodo Rasch, an architect who watched the Weissenhof emerge but was too young and too little-known to participate. "People came from all over to see the funny homes that were being built in Stuttgart."

The architects felt they were building for Everyman, for the urban citizen who would want to maximize living space in minimal quarters, but Everyman did not at first live in the hilltop settlement. Instead, the Weissenhof became a colony of intellectuals, journalists, actors and opera singers who appreciated the narrow space-saving passages and doorless rooms put in by Le Corbusier or the sculptured, shiplike terraces that Hans Scharoun worked into an arresting single-family dwelling.

The political mood in Germany was not propitious for the Weissenhof settlement. The Nazis denounced it as a heretical break with German traditions and "a suburb of Jerusalem."

In 1933, the year of the Nazi seizure of power, a counterdemonstration project of wood houses with gabled roofs was built nearby. The Nazis announced plans to raze the Weissenhof settlement and its creators slipped into the safety of exile in the United States and elsewhere.

In 1939, the city of Stuttgart sold the settlement to the Reich and, with war spreading over Europe, the Luftwaffe established an anti-aircraft battery on the strategically located hill. A military hospital for infectious diseases was also installed in a four-story apartment bloc designed by Mies van der Rohe. Allied bombing raids in 1945 destroyed about 40 percent of the settlement.

In the hungry postwar years, the hungry postwar years, the settlement, stripping its wiring and



One of the restored houses designed by Hans Scharoun.

removing its doors for firewood. As West Germany began to rebuild, Everyman did finally settle in Weissenhof. The young West German state placed railroad and customs employees in its apartments. But some of them rebelled against the clean simplicities of the Bauhaus creations, putting pitched roofs on buildings of Behrens, Ludwig Hilberseimer and Hans Scharoun. Roof apartments were stuck on the double-family house designed by Le Corbusier and Pierre Jeanneret.

By the early 1970s, Stuttgart had burst its seams and crept up its hills, enveloping the once-isolated colony in an anonymous urban sprawl. Curiously, several postwar architects working the neighborhood copied some of the Bauhaus structures, confusing further the identity of the settlement and confirming, perhaps, that the literal imitation of the Bauhaus movement on a mass scale was at once the greatest homage and greatest injustice done to it.

In 1977, a proposal by the West German government to sell the settlement it had inherited from Hitler's Reich aroused protest from the country's leading architects.

Rasch, who is now 81, gathered an assemblage of architects under a fanciful creation of helmin balloons in his wooded backyard outside Stuttgart and founded a group that called itself the Friends of the Weissenhof. It lobbied vigorously to save and rebuild the community, which as early as 1956 had been declared a protected national monument.

Finally, the federal government in Bonn and the city of Stuttgart agreed on a joint reconstruction and conservation program to cost 8 million marks, or about \$3 million at the current rate of exchange. The shiplike Scharoun house was reconstructed in 1981 and the airy Le

Corbusier single-family dwelling in May 1983. From June 30 to July 1, an open house in the colony will inaugurate two buildings by Le Corbusier and the Dutchman J.J.P. Oud.

The houses, like the others, have been stripped to their skeletons and rebuilt. The original tenants, mostly retired customs and railway employees, may move back into their homes after being temporarily relocated.

Hermann Nägele, the senior architect on the project, hopes that eventually it will be possible to populate the colony with the intellectuals and writers who were its original inhabitants.

"The little man who lives here now doesn't understand the settlement," said Nägele, radiating the aspirations of its founders. "When

Weird Harold Sets Frog Record

The Associated Press

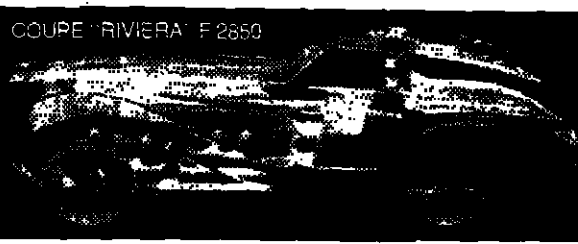
ANGELS CAMP, California — Weird Harold, a warty contestant from Sweet Home, Oregon, took a great leap forward to set a record of 21 feet, 1 1/2 inches at the Calaveras County Jumping Frog contest.

The 4 1/2-inch frog, owned by Janet Seiber, broke the record of 20-3/4 set at the contest last year by Johnny Jumper, owned by Bruce Hamilton. The winner picked up a \$1,500 prize. Taking second with a jump of 20-9/4 was Froggie Friend, owned by Les Gindis of Santa Clara.

Herald Tribune

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A 1920s view of Mies van der Rohe apartment block.

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**Monday's
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Vol. at 4 p.m. _____	73,388,808
Prev. 4 p.m. Vol. _____	81,270,000
Prev Consolidated Close	77,058,868

Tables include the nationwide prices
Up to the closing on Wall Street

	Open	High	Low	Close	Ch
Indus	1133.69	1139.13	1121.23	1125.31	-8.88
Trans	473.47	477.37	467.28	470.67	-2.80
Util	126.49	127.02	125.24	125.82	-0.67
Comp	440.60	442.96	435.50	437.58	-3.02

	High	Low	Close	Ch
Industrials	177.28	175.48	175.62	-
Transp.	129.99	128.17	128.51	-
Utilities	64.86	64.44	64.50	-
Finance	16.09	15.90	15.92	-
Composites	156.11	154.63	154.73	-

	High	Low	Close	Ch'ge
Composite	89.68	88.98	88.98	- 0.58
Industrials	105.49	104.65	104.65	- 0.66
Transp.	79.82	79.19	79.19	- 0.63
Utilities	44.12	43.96	43.96	- 0.24
Finance	84.32	83.65	83.65	- 0.60

	Buy	Sales	Net
May 21	169,834	397,883	2,459,711
May 17	177,884	391,045	3,725,811
May 16	166,067	392,887	1,691,811
May 15	159,830	429,679	1,925,811
May 14	161,994	101,398	1,014,811

High	Low	Close
205.74	204.32	204.42

1

	Class	Ch's	Week Ago	Year Ago
Composite	343.15	-1.46	248.87	303.84
	343.15	-1.77	280.93	248.87

Industry	273.84	-1.7	269.22	267.7
Finance	262.82	-1.5	268.22	267.7
Insurance	246.94	-0.8	253.23	277.9
Utilities	215.72	-0.62	219.54	347.5
Banks	200.51	-0.71	202.67	184.2
Transp.	209.78	-2.62	213.49	247.9

	Close	Ch'ge
Bonds	65.54	+ 0.18
Utilities	60.17	+ 0.15
Industrials	70.19	+ 0.20

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Investment \$1.8 million

WASHINGTON — Representative Timothy Wirth, a Democrat of Colorado, is to introduce legislation on Tuesday making companies more vulnerable to shareholder suits for their actions in sending off hostile takeovers, an aide said Monday.

The rule, relied on by state courts to weigh corporate actions, essentially states that corporate directors must use good judgment in deciding a course of action.

The side said the Wirth legislation would put the burden of proof on a company's directors to prove in court that their actions were prudent. Under current law, it is the stockholder who filed a lawsuit challenging the company who assumes the burden of proof to show that company management did not use good judgment.

The SEC recently considered a similar matter in drafting its own legislative package on tender offer regulatory reform. However, the commission concluded that its rules should not preempt the business judgment rule.

The commission has proposed legislation to restrict a company's use of "golden parachutes," self-tenders and the issuance of large blocks of stock as tactics against hostile takeover attempts.

The commission legislation also would restrict the ability of a company to repurchase large blocks of stock accumulated by corporate raiders and would make it more difficult for companies to carry out "creeping" tender of

The Wirth aide said hearings Wednesday also would look at a legislative proposal by Martin Lipton, a prominent New York securities lawyer active in the takeover field.

Mr. Lipton has proposed that a predator company or individual be able to acquire in the open market no more than 10 percent of a target company's shares.

After 10 percent, under the Lipton proposal a predator would have to make a formal tender offer for any additional shares it wished to acquire.

Compiled by Our Staff From Dispatches

TOKYO—Hattori Seiko Co., a subsidiary Japan's largest watchmaker, presented Monday what it said is the first pocket-size color television using a liquid-crystal screen.

The sets will go on sale in Tokyo in August for 84,800 yen (\$380) and in the United States in September for \$500 to \$550. The company hopes to sell 30,000 sets in each country in the first six months.

Weighting 450 grams (one pound), the set has a 5-by-5 centimeter (about 2 inches) screen. The new mass-production process for the liquid crystal screen, has given Seiko a two-year lead over its competitors, the company said.

With the introduction of such products as a pocket color television, Hatton Seiko said hopes to expand into the communications industry. The company has marketed a wristwatch consisting of a wristwatch.

watch computer, consisting of a wristwatch with a liquid-crystal display, a pocket-size keyboard and a controller unit for loading programs. (Reuters, A

12 Month		Stock	Div.	Yld.	PE	52 Wk.		Current	
High	Low					High	Low	Cost	Gain/Loss
Ind/A	\$22.25					3 15 1/4	1 1/4	15 1/4	15 1/4
Ind/A	\$77.00					24 1/2	5 1/4	4 1/4	6 1/4

(Continued on Page 12)



"Mrs. Fisher, with a GrowPak dispenser you no longer need to stand on your head to spray the underside of the leaves."

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Herald Tribune

BUSINESS ROUNDUP

ITT to Invest \$4.8 Billion in Europe, Mostly on Research, Development

By Axel Krause

PARIS — International Telephone and Telegraph Corp. said today that it plans to spend \$4.8 billion in Western Europe from 1984 through 1988, primarily for research and development, repurchasing the largest single investment program in the company's history.

Company sources in Brussels said that the funds will be generated from earnings.

"ITT earns almost half its operating income in Europe," said V. Araskog, the company's chairman, adding, "these expenditures confirm that Europe will continue to figure prominently in ITT's future."

The five-year investment program represents an increase of 50 percent from the previous 10-year period, after adjustments for currency fluctuations and distributions, an ITT executive said.

The research and development budget amounts to \$3.1 billion. The largest share, about \$2.6 billion, will be spent on developing telecommunications and electronics, mainly at ITT research centers in Belgium, West Germany, Italy,



Rand V. Araskog

Norway, Spain and Italy, the company said.

In particular, business information and communications systems for offices have been targeted for development, executives of the New York-based company said.

They noted that the European market for these systems is expected to expand at a rate of about 20

percent a year during the next five years, amid intensifying competition from such companies as International Business Machines Corp. of the United States and Olivetti of Italy. Olivetti last December established a joint venture in office automation with American Telephone & Telegraph Co.

ITT also plans to spend \$1.7 billion for capital investments in Europe. About half of that is for its subsidiary, ITT Telecommunications Corp., while the rest will be shared by company affiliates in the hotel, publishing, automobile and semiconductor sectors.

The European outlays account for about 30 percent of ITT's worldwide capital investments, the company said.

Daniel J. Woodcock, president of ITT-Europe, said, "This program will help this continent to stay a world contender."

He said that spending on research and development in Europe will continue to account for about 10 percent of ITT's European sales, which totaled \$6.8 billion last year. He cited several other areas targeted for development, including very large scale integration circuit design, or VLSI, advanced fiber-optic techniques and software programming.

Beatrice Foods May Make a Bid For Esmark Inc.

Reuters

CHICAGO — Beatrice Foods Co. said Monday that it may offer to acquire Esmark Inc. for \$56 a share for Esmark's common stock and \$39.76 a share for its convertible preferred shares.

Beatrice said its board would meet Tuesday to consider management's proposal, and that a further announcement would be made after the meeting.

Beatrice said that based on Esmark's common and preferred shares outstanding, the total value would be \$2.5 billion. It said its offer would be scheduled to expire on June 20, unless extended. Withdrawal rights will expire on June 13. Esmark has 41.8 million common shares outstanding.

It is expected the offer would not be conditioned on any minimum number of shares being tendered. Lazard Frères & Co. would act as dealer manager for the offer, Beatrice said.

As reported, Esmark has agreed to a \$55 a share leveraged buyout arranged by Kohlberg, Kravis & Roberts.

Record U.S. Auto Industry Bonuses Viewed as Harming Other Industries

By John Holusha

New York Times Service

DETROIT — To some people, the decision of General Motors Corp. and Ford Motor Co., the two largest U.S. automobile makers, to pay record bonuses to their executives while enjoying protection from Japanese competition is a symbol of management high-handedness that may cause political problems for all of corporate America.

In the two weeks since they were disclosed, the bonuses have stirred a storm of protests that Detroit seems to be feathering its own nest.

Executives of the auto companies acknowledge that they expected a hostile reaction to the payments, which put the compensation of top officers of General Motors and Ford well over \$1 million each for 1983.

But they say that high pay for top executives is standard in American business and that to leave auto executives' compensation below the levels of other manufacturing industries would risk seeing their most talented people go elsewhere.

Allen Gilmour, Ford's vice president for external affairs, said public reaction was considered before the bonuses were paid.

"All of the ramifications were discussed in detail," he said. "We are not looking for trouble."

He said it was irrelevant that Japanese auto executives might be paid much less than their American counterparts, because carmakers must compete for executive talent at home, not in Japan.

General Motors, as is its practice, declined to discuss the matter.

But some students of corporate behavior contend that multi-million-dollar payments to top executives, even if justifiable by American business standards, offend the public so much that they work against the companies in the longer run.

Robert Reich, a professor at Harvard's Kennedy School of Government, said, "What we are seeing now is an extraordinary free-for-all in the upper reaches of the executive suites." The author of several books on business-government relations, he is regarded as a generally liberal observer of the business scene.

"The aggregate effect on broad public attitudes toward business cannot be doubted," Mr. Reich said. "There will be increasingly broad-based public concern about

the apparently privileged and unaccountable positions of top executives of large firms."

For his part, Lee A. Iacocca, chairman of Chrysler Corp., has said he will hold his company's bonuses to top executives to about half those paid at Ford and GM. Mr. Iacocca evidently feels that the public relations value of his company's gesture outweighs any risk of an exodus of top managers.

Automakers face a special image problem. Not only were the profits that generated the bonuses at least partly the fruit of government restraints on imports of Japanese cars, but also the domestic car industry remains tarred in the public mind by its past opposition to such social goals as cleaner air and greater fuel economy.

A study of the automotive industry, done by the National Academy of Engineering in 1982, identified public resentment toward Detroit's operating style as one reason for the popularity of imported cars.

"Somewhere between 1953 and

1970," the academy's report concluded, "the public view of the industry was transformed. Its image of dynamic growth, superior technology and progress gave way to one of unprincipled social irresponsibility."

Since the auto industry is highly visible, many consumers may assume that what happens at GM and Ford typifies all big business.

Mr. Reich said, "There is a populist undercurrent in the U.S. political psyche that rears its head about every 20 years" in the form of restrictions placed on business.

The last such round came in the early 1960s, he said, adding that top executives would be advised to be "exceedingly sensitive to shifts in public mood."

The bonuses will affect this summer's negotiations with the United Auto Workers.

The UAW contends that fundamental fairness is violated when an executive is paid more money in one year than a worker will earn in a lifetime of factory toil.



Owen F. Bieber

Owen F. Bieber, president of the union, has said the bonuses will make it harder to gain an acceptable contract without a strike because members' expectations of a hefty pay increase have been raised.

Paul Tippet, chairman of American Motors Corp., has said the bonuses will ultimately add millions to the industry's costs because of increased worker demands.

Limited Planning to End Bid for Carter Hawley Hale

United Press International

COLUMBUS, Ohio — Limited Inc. said Monday it planned to terminate its tender offer for control of Carter Hawley Hale Stores Inc. later Monday, but continue its court challenge to the tactics that the retailer employed to thwart the takeover bid.

"The Limited intends to pursue the acquisition of Carter Hawley Hale," Robert H. Morosky, Limited vice chairman, said Monday.

Limited Inc. had offered \$35 a share for 19 million shares of common stock of Carter Hawley Hale, a Los Angeles-based retailer.

But Carter Hawley's board took steps to fend off the bid, including recruiting General Cinema Corp.

Limited said that preliminary reports showed as of the end of business Friday, about 3.14 million shares had been tendered and not withdrawn.

Limited, which is about one-third the size of Carter Hawley, had twice extended its tender offer. But Monday, the company said it planned to terminate its offer without purchasing any of the tendered shares "unless the conditions of its

offer are satisfied by 5 P.M. EDT today — which Limited does not expect to occur."

Mr. Morosky said Limited "will continue litigation against CHH, its directors and General Cinema in order to invalidate the General Cinema transaction."

He said Limited will continue to hold about 700,000 shares of CHH common stock and may purchase other shares.

Meanwhile it was reported Monday that the U.S. Labor Department has suspended plans to file suit against Bank of America for its actions as trustee of the employee stock plan of Carter Hawley Hale.

The department will wait until the "dust has settled" on Carter Hawley's fight against Limited's takeover bid before deciding whether to file suit, the Los Angeles Times reported.

The newspaper, quoting an unidentified government source, said Labor Department officials believed the Bank of America's dual role as a major lender to Carter Hawley and as trustee for the company's stock plan constituted a conflict of interest.

Morgan Grenfell Raising Funds For Expansion

International Herald Tribune

LONDON — Morgan Grenfell Holdings Ltd., the merchant bank holding company, is raising funds to finance its ambitious plans in international securities trading.

Morgan said Monday that it plans to raise as much as \$45 million (\$63 million) through a sale of new ordinary shares to its current shareholders. The company also said it is considering whether to seek a listing for its shares on the London Stock Exchange, possibly next year. Such a move would increase the bank's opportunities for raising funds.

William Mackworth-Young, Morgan's chairman, said the bank would need more capital to take bigger trading and underwriting positions in the British and international securities markets. Morgan has been building up its Eurobond operations and recently acquired a stake in Pinchin, Denny & Co., a London stockbroker, or market maker.

COMPANY NOTES

Ashland Oil Co. of Ashland, Kentucky, has contracted Goldman Sachs & Co. to assist in a possible sale of its Intergen Corp. insurance subsidiary. The sale would be consistent with Ashland's stated corporate strategy emphasizing its energy and chemical sectors. No discussion with potential buyers has taken place, Ashland said Monday.

Australian & New Zealand Banking Group Ltd. said Monday that its earnings for the current financial year reflect a substantial improvement in its operations. The Melbourne-based trading bank expects a satisfactory result for the full year, although profit growth is forecast to be less than the 15-percent increase in net, to \$5.96 million Australian dollars (\$2.13 million) in its first half, ended March 31.

Cessna Aircraft Co. said Monday that the expected profits for the first two quarters will not be

enough to prevent a loss for all of fiscal 1984. Net losses for the six months ended in March were \$17.2 million after a 660-million profit in the year earlier period. According to Brian Bennett, senior vice president for worldwide aircraft marketing, Cessna last year invested 10 percent of revenues in research and development compared with a more usual level of 5% to 6 percent.

That investment had cost Cessna profits in the short term, he said at an airshow in Hannover, West Germany, but "we now feel the company is healthier than ever."

Eagle Star Holdings said Monday that it had sold 13.9 million shares of BAT Industries PLC in the London Stock Exchange at slightly more than 113 pence (\$2.96) each. Shares of the tobacco, retailing and paper giant closed at 219 pence Monday, down 1 pence from Friday. The share sale was prompted by BAT's £968-million

acquisition of the insurance company earlier this year.

Hanson Trust PLC signed a definitive agreement Monday whereby its HMAAC Industries Inc. subsidiary will take over USI Industries Inc. Hanson owns 88.3 percent of USI's stock following its successful offer of \$23 for each USI share. USI stockholders are expected to formally approve the merger at a special meeting in July. Hanson, a private equity company, has been assigned as USI's chief executive officer, president and director and David Clarke, HMAAC president, has been elected USI's executive vice president and chief operating officer.

Hongkong & Shanghai Banking Corp. has agreed to sell the entire share capital of Mercantile Bank Ltd. of Britain to Citibank NA for an undisclosed amount. The company said only that the price was a premium over Mercantile's net asset value of £13.5 million.

Petrie Stores Corp. and Miller-Wohl Co. — two large U.S. retailers of women's clothing — have announced a merger plan that would bring nearly 1,400 stores under one corporate ownership.

According to a definitive agreement, Petrie will acquire all the 12.8 million outstanding shares of Miller-Wohl for \$21 a share, or a total of \$270.2 million. The agreement also gives Petrie an option to purchase 2.1 million shares of common stock from Miller-Wohl, which will remain as an autonomous operation.

Standard Telephones & Cables PLC — joined by Telecommunications Authority of Singapore and the International Telecommunication Development Corp. of Taipei — has received a contract to build a submarine telephone cable system linking Hong Kong and Singapore and valued at \$60 million (\$83 million). The Hong Kong unit of Cable & Wireless PLC said Monday that the link is part of a larger system to join Hong Kong, Taiwan and Singapore.

J.S. Economy Slowing, Many Believe

(Continued from Page 9)

stability," said Martin V.N. Whitman, chief economist for General Motors Corp. "But in the real world, it looks as if the economy is running away and is not about to turn down either — it's just a healthy kind of expansion."

Allen Sinai of Shearson Lehman

American Express said that he believed that rising interest rates would not slow the economy for some time. "I think the biting effect of high interest rates on growth is still some months away," he said. "Although we've had one to 2-percent-point hikes in interest rates, these hikes are not yet a major factor in slowing growth."

Mrs. Whitman is one of the economists who predict that the second-quarter GNP annual growth rate would fall to 3 to 5 percent. She said that automobile production, up sharply in the first quarter, should slow in the second because many producers like GM have decided to close plants earlier than usual to install equipment for the traditional fall introduction of new models, and also to reorganize assembly techniques.

Robert Ormer, the Commerce Department's chief economist, said that auto production added at least two percentage points to the first-quarter GNP estimate, but will drag down the second quarter.

"No one has been able to predict the stimulative effects of the Reagan administration's tax cuts," Mr. Sinai said.

"If there was one factor that made the economy grow faster than expected, it was those tax cuts," he said. "The mix of so stimulative a fiscal policy and tight money and high interest rates has been the mystery of the last year."

On the low end of the forecasting scale were economists such as Lawrence Chimerine of Chase Econometrics and Irwin Kellner of Manufacturers Hanover Trust Co., who put the second-quarter GNP growth rate at 3 percent.

These economists said they believed that a substantial equity or debt investment is necessary for the airline's continued operations.

Without further expense reductions, prompt payment of sums due to the Internal Revenue Service and the Federal Aviation Administration, and procurement of the investment, Air Florida "may not be able to continue as a going concern," the company said in its annual report filed with the SEC last week.

ing to buy goods now on the fear that they will be more expensive later.

Many businesses kept inventories abnormally low during the recession, economists said, and when they were confident of an economic recovery, they stocked up.

But other economists, while agreeing that slower inventory buildup would slow overall growth, placed more weight on the April measures of economic growth.

"We're off to a pretty fast start," Mr. Ormer said. "Unless things fall apart in May or June, 2 and 3 percent growth numbers look to be out the window."

He joined economists such as Mr. Heller and Richard Scott-Ram of Chemical Bank in predicting somewhat higher second-quarter GNP growth rates. Mr. Ormer and Mr. Heller estimated growth at 5 percent, Mr. Scott-Ram at 4.2 percent.

Mr. Sinai raised his 3 percent growth prediction to 3.7 percent because, he said, he had previously underestimated the strength of employment, retail sales and consumer spending. Strong auto sales in early May, along with the strong April economic indicators, he said, "indicate that consumers still are spending at a healthy clip."

Air Florida in Danger, Seeks Big Investment

Reuters

WASHINGTON — Air Florida Systems Inc. said in a Securities and Exchange Commission filing that a substantial equity or debt investment is necessary for the airline's continued operations.

Without further expense reductions, prompt payment of sums due to the Internal Revenue Service and the Federal Aviation Administration, and procurement of the investment, Air Florida "may not be able to continue as a going concern," the company said in its annual report filed with the SEC last week.

Thomson Aide Is Suspected of Insider Trading

Reuters

PARIS — A senior French arms-sales official was suspended Monday from his post following an official inquiry into trading in the shares of Thomson SA, the state-controlled electronics company, a Defense Ministry spokesman said.

A report by the Bourse Commission, the government's monitor of the stock exchange, confirmed rumors that a spectacular price rise in Thomson's shares at the start of the year was due to "insider" knowledge of a major transaction to sell anti-aircraft systems to Saudi Arabia, broking sources said.

The official, Jean-Marie Carret, who was responsible for sales to the Middle East and Africa, signed the 35-billion-franc (\$4-billion) contract, which included a large order for electronic equipment from Thomson.

The commission declined to comment on the affair, but has handed its file to legal authorities.

It decided to look into dealings in the shares after they soared to 274 francs each Jan. 13 from 189.90 francs last Dec. 1 when the contract was announced. Bourse sources at the time said there was no news to justify such a rise. Thomson shares were quoted at 295 francs Monday.

Merger of Monitors Has Good Rating

(Continued from Page 9)

Fuchs, an analyst with Kidder, Peabody & Co.

Since the first of the year, Dun & Bradstreet has purchased four small information companies in Britain, West Germany and Italy; he most recent was the purchase of £73 million (\$101 million) of Datastream PLC, a major supplier of financial information in Britain. Dun & Bradstreet has admitted that its customer service in Europe has been disappointing, and is investing heavily to improve its computer capability and product offerings.

As for what Dun & Bradstreet would bring to the marriage, ana-

lysts cited an innovative technology in information services and lots of cash. "Nilsen has been criticized for being too good at one job for too long, or getting a little stale," Mr. Gottsman said.

Mr. Gottsman also suggested that Dun & Bradstreet's recent history — notably the acquisition of several information-services companies and the CompuLink investment — shows that the company is willing to re-evaluate itself and its business. It may thus cast a fresh eye over Nilsen's operations.

Mr. Nielsen said his company could gain from Dun & Bradstreet in industrial-marketing research, an area that Nielsen has begun to

explore through a subsidiary, Dataquest. Because of its size and accessibility, he noted, "most attention has been on consumer research" while the market for industrial goods has been largely overlooked.

He added that Dun & Bradstreet, through its direct-mail operation, has demographic information about U.S. households that could also be useful to the new company.

Mr. Fuchs agreed that the merger could spawn a number of new products over the next decade, including a Dun & Bradstreet consumer-information service. "D&B has enough money to support new product development at an aggressive rate," he said.

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HYPOBANK
DEUTSCHE HYPOTHEKEN-UND WECHSELBANK
AKTIENGESELLSCHAFT

**Monday's
AMEX
Closing**

Vol. of 4 p.m.	5,668.00
Prev. 4 p.m. Vol.	6,158.00

**Tables include the nationwide price:
Up to the closing on Wall Street**

Month	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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ADVERTISEMENT INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

21 May 1984

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose values are based on issue prices. The following symbols indicate frequency of quotations supplied for the funds:

(d) - daily; (w) - weekly; (b) - bi-monthly; (m) - monthly; (q) - quarterly; (a) - annually

ALMAL MANAGEMENT

(m) Almal Fund S.A. \$ 128.40

BANK JULIUS BAER & CO. LHM

(d) B. Bond Fund \$ 128.40

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NYSE Prices Decline To a 13-Month Low

United Press International

NEW YORK — The stock market skidded to a 13-month low Monday when an early rally attempt fizzled amid investor uncertainty about the course of interest rates because of Continental Illinois' financial problems.

The Dow Jones industrial average, up a point at the outset after falling 5.38 Friday, dropped \$4.88 to 1,125.31, the lowest level since it finished at 1,124.71 on April 8, 1983.

The Dow's previous 1984 low was 1,130.55 on April 5. It is down 161.54 from its Jan. 6 high of 1,186.64. Analysts said it could drop to the 1,100 level before the current slide ends.

The Dow transportation average lost 4.11 to 470.47 and the Dow utilities average fell 1.49 to 125.82.

The New York Stock Exchange index dropped 0.58 to 88.96 — and the price of an average share decreased 20 cents. Machines led advances 1,021-492 among the 1,964 issues traded.

Big Board volume totaled 73.4 million shares, down from 81.3 million traded Friday.

Stocks dropped during the afternoon when a bond market rally fizzled even though federal funds rates, which banks charge one another for overnight loans, traded in the 9 1/2 percent level, down from 11 percent of recent weeks.

"The federal funds are down because the Federal Reserve is pumping more money into the banking system to take care of the Continental Illinois situation," said William Sullivan of Dean Witter Reynolds.

"The duration of this trend of easier credit is unknown but investors realize we will have to pay for it later," Mr. Sullivan said.

The crisis has put the Fed — whose Open Market Committee meets Tuesday — in a difficult position of trying to calm down a blistering economy and keeping order in the banking system.

The Fed's Open Market Committee meets Tuesday and Wall Street will be watching interest rates for signs of policy actions.

"There is no reason to buy stocks right now with yields on bonds being so high," said John Burnett of Donaldson, Lufkin & Jenrette.

"But I think the market is poised for a small rally once we get a clearer picture of what is going on in the Middle East."

Several Arab oil powers have urged Iran and Iraq to stop bombing oil tankers in the Gulf. Such

bombing last week damaged several vessels. That news caused a sell-off in oil-sensitive airlines stocks.

Composite volume of NYSE issues listed on all U.S. exchanges and over the counter at 4 p.m. totaled 87.2 million shares, down from 96.2 million Friday.

The American Stock Exchange index lost 1.05 to 204.42 and the price of an average share fell seven cents. Declines topped advances 345-188 among the 766 issues traded. Volume totaled 5.7 million shares, down from 6.1 million Friday.

The National Association of Securities Dealers index of OTC stocks lost 1.46 to 243.15.

Continental Illinois, a 3-point loser last week, was the most active NYSE-listed issue, off 3/4 to 10. First Chicago, which is considering a bid for the troubled bank bailed out last week by federal authorities, lost 1 1/2 to 21 1/4.

Among the other banking stocks, Chase Manhattan lost 1 1/2 to 43 1/2, Manufacturers Hanover 3/4 to 32, Chemical 3/4 to 29 1/2, J.P. Morgan 3/4 to 67 1/2.

Miller-Wohl was the second most active issue, up 2 1/2 to 20 1/2. Petrie Stores has signed a definitive agreement to buy the company for \$21 a share. Petrie Stores shed 1 1/2 to 29 1/2.

Superior Oil (ex-dividend), which has agreed to merge with Mobil Corp., was third on the list, unchanged at 41 1/2.

Esmark, which recently agreed to a leveraged buyout, jumped 2 1/2 to 54 1/2. Beatrice Foods is mulling a bid for Esmark.

Walt Disney lost 3/4 to 62 1/2. Disney, subject of takeover rumors, last week agreed to acquire Arvida Corp. of Boca Raton, Fla., for \$280 million in Disney stock. Roy E. Disney, son of the co-founder, called the move "wasteful."

Omnicare plunged 5 1/2 to 21 after the company projected flat 1984 earnings.

Electronic Data Systems, a 7 1/2 winner last week, skidded 2 1/2 to 34 1/2. General Motors said it is considering buying the company. General Motors, which said it planned a \$100-million retooling of its Tarrytown, New York, plant, was unchanged at 62 1/2.

Transsetting IBM fell 1/2 to 108 1/2. Other high-technology issues were mixed.

Commins Engine lost 1/2 to 70 1/2. The stock skidded 3 Friday and the company said it could not explain the drop in its stock.

Paris Commodities May 21

Base prices in francs per metric ton
Other prices in francs per 100 kg

21 May 1984

SUGAR

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Cash Prices May 21

Base prices in francs per metric ton
Other prices in francs per 100 kg

21 May 1984

SUGAR

May 1984

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How the Federal Government and the Biggest U.S. Banks Decided to Bail Out Continental Illinois

(Continued from Page 1)

Netherlands and Japan had become nervous about reports that more commercial loans had gone bad at Continental on top of the \$2.3 billion in problem loans reported at the end of this year's first quarter. Some pulled out funds, others demanded higher rates.

On Tuesday, Reuters news agency asked Continental to comment on rumors that it was headed for bankruptcy. Normally the bank would not comment on such rumors. However, deciding that this rumor should be attacked vigorously to reassure the foreign depositors, Mr. Taylor had the bank's resurser denounce the reports as "totally preposterous."

His words had hardly been uttered when the Commodity News Service moved a story that said a Japanese bank was interested in buying Continental.

Money from Japanese banks had already started to flee at an alarming rate. And the pattern of the withdrawals promised that there would be more. "A sun rose around the world, and the panic seemed to spread," said one Continental officer. When the sun got to Chicago, the Board of Trade Clearing Corp. withdrew \$50 million of its money.

When Mr. Taylor left his suburban home by limousine at 6 A.M. Thursday, he expected to face a day of returning to normal. He was wrong. European banks were now bailing out as fast as the Japanese,

and the price of Continental's shares went into a tailspin.

Mr. Taylor began rousing Washington. On Thursday, he read C.T. Conover, the comptroller of the currency, a Japanese wire-service account of the comptroller's purported talks to the Japanese. Having heard the same report elsewhere, Mr. Conover became alarmed.

Mr. Conover began his own attack on the rumors. Normally regulators do not comment publicly on rumors or individual banks they supervise.

"This was an unusual enough case that I chose to violate the policy," Mr. Conover said. "I decided to do something that was unprecedented. I issued this press release:

"A number of recent rumors concerning Continental Illinois National Bank & Trust Co. have caused some concern in the financial markets. The Controller's Office is not aware of any significant changes in the bank's operations, as reflected in its published financial statements, that would serve as a basis for these rumors."

"Last Friday," said Mr. Isaac of the FDIC, "I got a call from Todd Conover asking if I could join him in Volcker's [Paul A. Volcker, the Federal Reserve Board chairman] office to discuss the situation at Continental."

"We had a contingency plan for this kind of circumstance and decided it ought to be implemented if the situation continued to deteriorate."

The FDIC could infuse a substantial amount of money on an interim basis. We felt the number had to be large enough to restore confidence in the institution — at least \$1 billion but no more than \$2 billion. The plan included the FDIC's promise to protect all depositors, however big.

"We even had the documents ready," Mr. Isaac said, "without names and amounts. I called Continental to say we would be prepared to implement steps to begin the capital infusion."

By Friday, May 11, a surface calm had returned. The price of the stock rebounded. But deposits continued to leave Continental. The problem that had been foreseen with petrodollars 10 years was by now becoming a shocking reality with Continental's Eurodollars. The outflow continued.

Before the books were closed that night the bank had borrowed \$3.6 billion from the Federal Reserve, convincing top management that help would be needed from the banking world.

Mr. Taylor appealed to Lewis T. Preston, chairman of Morgan Guaranty Trust Co. in New York, for help, about the time that the Japanese merger rumor reached Mr. Conover. Through the following weekend and mostly by telephone, Mr. Preston, Mr. Taylor and the heads of 15 other banks negotiated an ambitious \$4.5-billion loan for Continental to tide it through the toll of rumors. Overseas banks were cabled word of the agreement, which was announced Monday, May 14.

The \$4.5-billion loan was announced, but the run persisted, even accelerated. The markets were unrelenting. A bank makes its money by charging borrowers more than it pays in interest to depositors. In face of the rumors, Continental had to pay higher rates on the certificates of deposit that banks, as well as other institutions issue big investors.

At the same time, it could not raise rates correspondingly to its borrowers and still remain competitive with other lenders. Continental's spreads were disappearing.

Domestic correspondent banks, surprised that Continental needed so much assistance, started pulling their funds from the bank. Continental had about 2,000 correspondent banks with deposits exceeding the \$100,000 insurance limit.

Early Tuesday morning Mr. Volcker began making calls. He reached Mr. Isaac at home at 7:30. "The situation is continuing to deteriorate," Mr. Volcker said. "When can you come in?"

"We decided on Tuesday we would meet with the banks on Wednesday," said Mr. Conover. "It turned out that that was convenient. I was planning to be in New York for a meeting at Marine Mid-

land. Paul Volcker was going to be there because he was going to get an honorary degree at Columbia."

When that meeting broke up, Treasury Secretary Donald T. Regan began making calls. He requested an 11:30 meeting in his office with his deputy secretary, R.T. McNamara, along with Messrs. Volcker, Isaac and Conover. The discussion, mostly to brief Mr. Regan of the regulators' plans, ended after 45 minutes because Mr. Volcker and Mr. McNamara had to leave for other meetings.

Mr. Isaac and Mr. Conover joined the secretary for lunch in his private dining room. The decision was made then to ask the large commercial banks to contribute a share of the \$2-billion capital infusion that Mr. Isaac had settled upon. He would put up \$1.5 billion to buy subordinated notes in Continental, and the banks would be asked to put up \$500 million. This would be in addition to whatever new loan the banks would extend.

The critical meeting at Morgan began the next morning with Mr. Preston in charge. It had an informal quality. Nearly every major participant in the banking system took a seat at the Morgan conference table, although no representative of Continental was present.

The presidents or chairmen of most of the major banks attended the meeting, as did Comptroller Conover, Mr. Isaac of the FDIC and Anthony M. Solomon, president of the Federal Reserve Bank of New York, and Mr. Volcker, the towering, rumpled, often enigmatic central banker who for five years has been at the epicenter of the economy's main events.

Mr. Volcker was to leave the meeting for a while Wednesday afternoon to accept his honorary degree at Columbia University. His departure was disruptive, said one of the bankers, but there might have been bigger problems if he stayed. All the banking system needed then was a rumor that Continental's difficulties now required Mr. Volcker's full-time attention.

"Volcker began the meeting by outlining the nature of the problem in general terms," said one of those present. "He said he felt it was important that the banks act quickly and decisively to demonstrate to the world at large that we had the ability to cope with a major problem."

Mr. Conover then went over details of Continental's difficulties and the condition of the marketplace. Mr. Isaac followed, laying out the FDIC's plan to invest \$2 billion in subordinated notes in Continental with the banks then taking \$500 million of the total. This and the corporation's assurance of protection for deposits exceeding \$100,000 was to be the principal, and most important, departure from the safety net operation that had already failed.

"Would a private solution be adequate? But quite rapidly it became obvious that it would not," said a banker who was close to the meeting. "It was a very, very non-argumentative process. I'm telling you the truth. We all soon had that opinion. And there was sadness that we had to have that opinion. I don't think there was ever a moment when the group was stymied."

Just before lunch, Mr. Isaac got a reading on the progress of the talks. According to those there, he asked, "Are you confident enough that we should call in some lawyers?" The bankers agreed, and lawyers for the banks and the FDIC convened at the FDIC's New York regional office at 345 Park Avenue.

Still there were differences over details in the FDIC's plan, over the amounts of money involved there and over the new loan, of \$5.3 billion that the banks eventually settled upon, bringing the rescue total to \$7.3 billion. The Morgan meeting ended at 6:30, with everyone in accord on the outline of the plan.

For others that day, the lawyers and the regulators, there remained more difficult work. The lawyers would meet long into the night at the FDIC — all night it turned out.

At 4 A.M. Thursday Mr. Isaac received a call in his hotel room. "I heard they were breaking apart," he said. "Make that, not breaking apart, not proceeding apace."

The banks' lawyers, it turned out, had doubts about the way the \$2-billion capital infusion for Continental would be handled. The biggest problem was the relative status and credit of the banks and the FDIC. The plan was for Mr. Isaac's agency to buy the entire \$2 billion in subordinated notes and for the banks then to buy their share from the FDIC.

The discussions were still stymied at 7 A.M. "I got there by 7:15 or 7:20," said Mr. Conover, "and the place was packed." Mr. Isaac was there.

The bankers and lawyers sat down and negotiated, finally resolving the \$2-billion issue essentially as the FDIC had planned it. Enough of the work had been completed by 10 A.M. to invite Mr. Taylor at Continental to call a news conference announcing the plan.

For the rest of that day and through the weekend, the rescue appeared to be working. The markets settled, the run stopped and Continental's battered stock appeared to have firmed.

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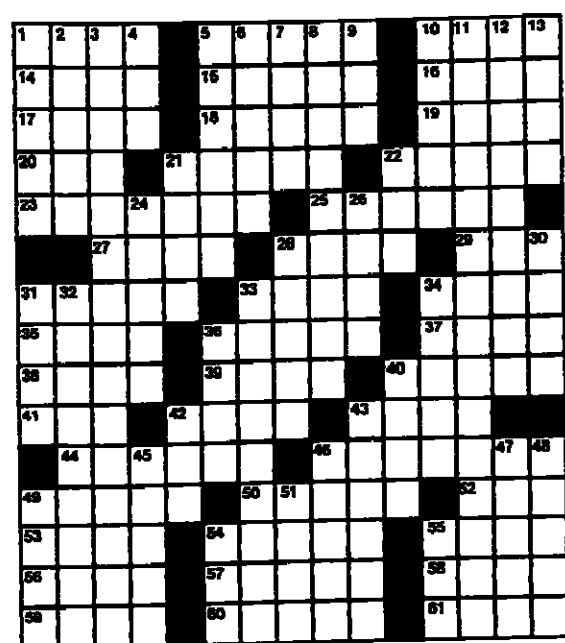
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DENNIS THE MENACE



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Chongqing	24	17	Harbin	14	10
Guangzhou	24	17	Hong Kong	24	17
Hankow	24	17	Kobe	24	17
Harbin	14	10	London	12	10
Hong Kong	24	17	Los Angeles	74	64
Kobe	24	17	Manila	24	17
London	12	10	Medan	24	17
Los Angeles	74	64	Osaka	24	17
Manila	24	17	Shanghai	24	17
Medan	24	17	Singapore	24	17
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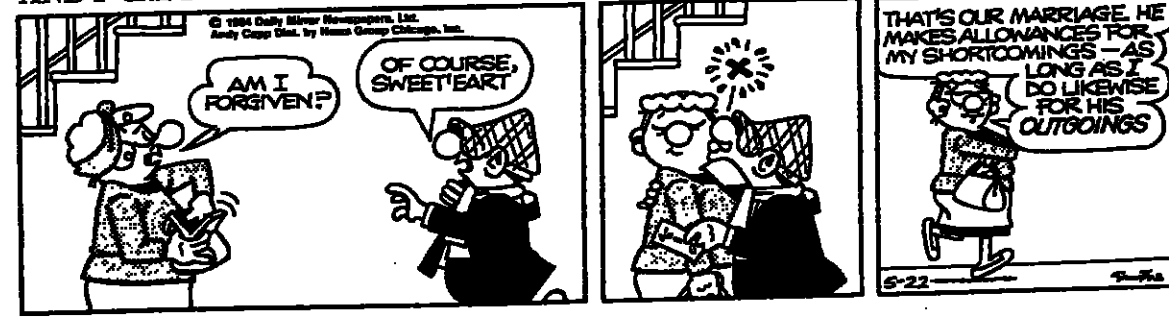
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BOOKS

THE LEDGE BETWEEN THE STREAMS

By Ved Mehta. 525 pp. Illustrated. \$17.50.
W. Norton & Co. 500 Fifth Ave., New York, N.Y. 10110.

Reviewed by Michiko Kakutani

"WE children thought of Lahore as two distinct cities," writes Ved Mehta in this dense, pointillist-like memoir. "One, which we associated with Daddaji, was the new, clearly demarcated British city, with its Mall Road, its Lawrence Gardens, its Queen Victoria statue, its King Edward Medical College; the other, which we associated with Mammaji, was the old, unplanned, chaotic Indian city, with its narrow gullies and mean bazaars, its dilapidated Mogul gates and arches, its beehives of cloth peddlers, carters, smiths, ironmongers, cobblers, grain sellers, colliers."

The son of a sophisticated, British-educated doctor and his tradition-minded Hindu wife, Ved Mehta grew up in an India torn between the past and future, the East and West. His father, a worldly if somewhat self-absorbed public-health official, helped diagnose cerebral meningitis as the cause of Ved's blindness. His mother, however, turned to folk remedies — touching his eyes with raw eggs, flogging him with birch twigs to "exorcise the evil eye" — in her futile search for a miraculous cure.

If his family's and his country's suspension between the old ways and the new gave young Ved a sense of historical estrangement, his blindness further accentuated his place as an outsider. At play with his siblings and cousins, he was a clumsy blind boy, plucky but hopelessly gauche when it came to participating in the blind that he attended, he was a rich, spoiled kid, set apart from the other, poorer students by his family's social position. And at home with his elders and their servants, he was a helpless child, consigned to listening to their problems and their fears.

This world of childhood — and the author's struggles, as a boy, to forget his blindness and make others forget it as well — has been mapped out by Mehta before. His first autobiography, "Face to Face," published in 1977, essentially traced the outlines of his early life: from his boyhood in India to his arrival, as a teen-ager, in the promised land of America,

where he would eventually go on to become a writer for The New Yorker. And three of Mehta's recent books ("Daddy," "Mammaji" and "Ved"), along with "The Ledge Between the Streams," actually represent an amplified version of that same story — a version that will reportedly total a dozen or so volumes when Mehta is finished.

Certainly the writing in these recent books is more elegant than in "Face to Face," the author's voice, less nervously ironic and more self-assured. Still, one must question whether all the detail in these volumes is really necessary. Presumably Mehta hopes that the sheer accumulation of remembered impressions will give the reader a feeling for the texture of his life.

In any case, having spent the first half of "The Ledge" documenting the innocent world of his youth, Mehta then goes on to show how that world was destroyed by the 1947 partition of the Indian subcontinent into India and Pakistan — an event that not only turned Hindus and Muslims against one another, but also turned many families, including Mehta's own, into political and religious refugees. It is this depiction of the partition, as filtered through the sensibility of a 12-year-old boy, that distinguishes "The Ledge" as a memoir.

Here, Mehta does not dwell desolately on the minutiae of his daily life, but uses the facts of what happened to his family to create an understated, but nonetheless devastating, portrait of the personal consequences of the partition. As tensions between former Hindu and Muslim friends increase, as rumors of violence spread into actual riots, the Mehtas find their placid family life unraveling: they apply fireproof paint to their house, plan a secret escape route and take to sleeping in their clothes, poised to flee into the night at any moment.

Young Ved sleeps with a knife under his pillow, secretly attends political meetings with an older friend and attempts to reach an understanding of what is happening to his country, as he listens to the growls around him debate such matters as the motives of the British, and the usefulness of Gandhi's policy of nonviolent resistance.

Although Mehta, the mature writer of today, is always present in the background, orchestrating these memories, we see the partition and its aftermath from the point of view of his younger self, and share this innocent's initiation into the terrible noise of history.

Michiko Kakutani is on the staff of The New York Times.

CHESS

By Robert Byrne

KEVIN SPRAGGETT of Montreal won the \$10,000 first prize in the New York Open Tournament with a 7-1 score. The Canadian international master surpassed 175 other contenders in a field that included 17 grandmasters and 30 international masters.

Tied for second place in the eight-round, Swiss-system event held at the Penta Hotel were the grandmasters Yasser Seirawan of Seattle and Arthur Bisguier of Rock Hill, New York, and the international masters Joel Benjamin of Brooklyn and John Fedorowicz of Clearwater, Florida. Each was awarded a \$2,412 prize for his 6½-1½ score.

Spraggett had defeated several grandmasters before the eighth round, but he had to win from still another to break away for a clear first prize. Here is how he scored his last round victory over Roman Dzindzichashvili of New York, a United States co-champion.

Both players opted away from overt aggression by adopting a typical quiet hypermodern opening featuring the fianchetto of all four bishops. Indeed, it was not until Spraggett thrust 24 P-B5 that he could be seen to have a slight initiative on the QB file. Had Dzindzichashvili played

24... PxfP, White could have got the upper hand by 25 RxfP, Q-R3; 26 Q-Q2, R-QB1; 27 Q-R4!

Moreover, 24... P-K4? 25 PxfP, BxfP; 26 NxbR, RxfP; 27 RxfP, RxfP; 28 R-Q8ch, K-R2; 29 Q-B4ch, K-K2; 30 P-B6! wins for White.

Spraggett's 26 N-K5? advantageously sacrificed a pawn to open the g-file. After 26... PxfP, 27 PxfP, it would not have been an improvement to capture with 27... RxfP since 28 R-Q7, Q-N3; 29 R-B7, 29 RxfP, Q-N3; 30 N-Q3 costs Black a piece; 29 Q-N2! (threatening 30 N-B4), B-B1; 30 NxfP, PxfP; 31 Q-B6! creates an immediately decisive attack.

On 29 N-Q7! Dzindzichashvili could not play 29... R-QB1? because 30 Q-B4, Q-B3; 31 NxbR, Q-N3; 32 QxfPch, N-N2; 33 R-Q7ch, K-R3; 34 Q-KB6! (threatening 35 Q-R4mate), Q-B5; 35 Q-N7ch, K-N4; 36 P-R4ch, K-R4 allows 37 QxfPmate.

The best defense, despite its unlikely appearance, would have been 30... K-B2?; 31 N-K5ch, K-B3. For example, 32 Q-Q4 can be parried by 32... R-Q1, while 32 R-Q7, Q-N3 lets Black hang on precariously. After 32 Q-Q4ch, there was no resource in 32... K-N1 since 33 N-B5, Q-B1; 34 NxfP!

Other Markets May 21

Sydney	Amst	Brussels	Hong Kong	Milan	Paris	Singapore	Tokyo	Zurich
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Stockholm

Stockholm	Amst	Brussels	Hong Kong	Milan	Paris	Singapore	Tokyo	Zurich
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SPORTS

A Graceful Exit, an Explosive Entrance: NHL's Changing of the Guard

'Extra Season' Hurt Islanders

By George Vecsey

New York Times Service

NEW YORK — They were Ruth and Gehrig, Russell and Conner, Starr and Kramer. They were the best hockey team of their time, one of the finest teams ever put together. And now it's over.

The New York Islanders have been destroyed by the Edmonton Oilers — but perhaps they were also destroyed by the extra stress the Stanley Cup demands. "Everybody knows we've played one and a quarter more seasons in the last five years," said Al Arbour, the coach, after Edmonton's 3-2 clinching victory Saturday night.

Because of the four-tiered playoff structure, the Islanders have played 99 playoff games in five years. By comparison, the Montreal Canadiens played only 48 games in two-tiered playoffs when they won five cups from 1956 through 1960. The Islanders are not chronologically old, but their bodies are superannuated, like tires tested around the clock.

Following their five-game loss to Edmonton, it is worth a last look at these champions before Bill Torrey, the general manager who built them, makes the inevitable change on aging team must undergo.

They won four straight titles with a level of style and decency that should serve as a model for any team, professional or amateur.

The Islanders were an expansion team, plopped into a suburban area of 2.5 million residents east of New York, with no fan base, no downtown, no focus, and that was fine with them. Torrey was able to attract Arbour and put together a team of mainly rural westerners, hard-bitten young men who were attracted by the small-town atmosphere of Long Island.

Playing in a nondescript arena, with modest trappings as if by design, the Islanders became paragons of hard work. Their style was not vicious, like that of the Philadelphia Flyers, the Darts of the mid-1970's, or flashy, like that of the Montreal Canadiens, who won four straight cups from 1976 through 1979. The Islanders' best play was to dump the puck in the corner, chase it down and work it toward the net. They could be mean; rarely were they dirty. Their victories speak for themselves.

Having arrived in this business in 1960, I would say the Islanders are the best team I ever covered — in the quantity of success, in the quality of the people. I have been too jaded by the arrogance of the Yankees, the robbery and isolation of pro football, the shifting moods of pro basketball, to have much admiration for other teams I covered. But as adults who never got too big, the Islanders were team players.

Torrey avoided glamour with almost Depression-mentality frugality. Winning was what counted, not glitter, and the Islanders never lost their humanity.

The memories rush together: Bob Nystrom's blond hair flopping as he crunched someone into the boards; John Tonelli diving first toward the goal; Bob Bourne's pro athlete bursts; Denis Potvin's shot; Mike Bossy's quick-witted goals; Bryan Trottier's cold-eyed stare; Butch Goring's short-handed goals; the mature Swedish players, Stefan Persson, Anders Kallur and Tomas Jonsson; Clark Gillies, flexing his muscles; Duane and Brent Sutter, yapping and disrupting the other team; dependable Ken Morrow and Dave Langevin, playing on bad knees. And the fearless goalie Billy Smith, only slightly paranoid in his vision



Capbearer Gretzky: "... It changes the game a little."

that when the Islanders finally lost the cup, "Hey, we know who everybody will blame, eh?"

The tone for decency was set at the top, by the ownership of John Pickett, who saved the team from bankruptcy in 1978, and by Torrey's management. Arbour showed his character a few years back when female reporters first came on the scene. The team has always been courteous to women reporters.

There are reasons for admiring the Islanders, right along with those four Stanley Cups. By this month, many of their players moving into their 30s, they began to resemble those tires that have spent too much time against cement, sand, nails, glass and potholes.

Some of them may never wear the uniform again, but all of them are frozen in time, champions to match any winners of four Stanley Cups. And, just as important, good people.

Youth, Conference Status Presage Long Tenure for Oilers

By Robert Facher

Washington Post Service

EDMONTON, Alberta — The New York Islanders' four-year reign as Stanley Cup champions ended last Saturday night amid the strange sight of tears flowing down the cheeks of men like Mike Bossy, Brent Sutter and his brother Duane.

The Edmonton Oilers, by winning the fifth game of the best-of-seven finals, became the new champions of North American hockey, and they were saluted into early-morning hours by screaming, honking fans who blocked traffic on Jasper Avenue, the city's principal downtown artery.

The Oilers are the first Western team to win the cup since the Victoria (British Columbia) Cougars in 1925.

They triumphed in their fifth National Hockey League season, two years faster than the Philadelphia Flyers and three ahead of the Islanders, the only other expansion finalists.

Edmonton, granted major-league status with the birth of the World Hockey Association, is only the third team to drink from the cup in nine years.

The Montreal Canadiens won four in a row before the Islanders gained control, and there seems little reason to doubt the Oilers' ability to put together a similar string.

The foundation of an Edmonton dynasty lies in youth. The oldest of the club's key players, defenseman Kevin Lowe, is 25. Center Wayne Gretzky, who scored four goals in the final, last two games and reaffirmed his superstar status, is 23 — as are center Mark Messier, winner of the Conn Smythe Trophy as the playoff's most valuable player, and

Glenn Anderson, a 54-goal scorer in the regular season.

Winger Jani Kurri, who led all playoff scorers with 14 goals, turned 24 on Friday. Defenseman Paul Coffey, the team's No. 2 scorer behind Gretzky with 126 points, is 22.

Goalkeeper Grant Fuhr, who shut out the Islanders in the vital series opener and had a superb 2.99 playoff goals-against average, is 21.

Another big factor in Edmonton's favor is its being a member of the Smythe Division in the Campbell Conference.

The Oilers were the lone Campbell team among the NHL's top eight this year and had the luxury of forgetting the regular season with 20 games left to concentrate on the cup.

Messier, for example, was shifted from left wing to center at that stage solely to counteract New York's Bryan Trottier — a task he would perform brilliantly, limiting Trottier to a single assist in the last three cup games.

While the Oilers were being challenged only by Calgary en route to the finals, the Islanders were taking a physical battering from the New York Rangers, Washington and Montreal.

"We had so much adversity, injuries and other things," said Islanders coach Al Arbour. "I had to play a lot of guys far too much in other series. It eventually took a toll and we had nothing else to give."

"I felt no shame turning the cup over to them," said Islanders captain Denis Potvin. "I just wanted to see the Oilers win."

Edmonton's victory was a triumph for its young players, who were the only ones to play in all four games.

One great team turned the cup over to a team that was great all year. They deserved it."

"They're a skating team and we just couldn't slow them down," said defenseman Ken Morrow, finally a loser after earning an Olympic gold medal and four Stanley Cup rings.

"I think we're like the old Montreal clubs — explosive," said John Muckler, Edmonton's assistant coach. "When we get rolling, we're scary. I've never seen a team that can skate as well as our club."

"We should get better, too. Messier hasn't reached his potential and Coffey should improve his defensive play. Our goaltending will get better as Fuhr gets more experience. His natural reflexes are the best. He's probably the quickest in the league, the way he bounces like a rubber ball, up and down, stopping the first and second rebounds. He has to do that, the way we play."

Muckler, Head Coach Glen Sather, assistant Ted Green and Roger Nelson, a late addition as a film editor, formed a staff that repeatedly earned the praise of the players in serious moments between squirts of Saturday night's champagne.

"Last year the coaching philosophy was that they didn't want to clutter our heads, we were on such a roll," Lowe said. "But we had to bear down and study this year. The day before we left for Long Island to start the series we had a two-hour video session. It was like everybody was cramming for a final exam. I guess we passed."

"Basically, our coaching staff took time from last year and the [Islanders] series. This year, Messier and the Rangers and saw how those guys played them," Gretzky said. "Then we did some of those things to shut them down."

Gretzky was reluctant to claim

that Edmonton was about to start another dynasty, but he was hopeful that the Oilers' success playing offensively would draw the sport away from its defensive emphasis.

"Any time a new team wins the Stanley Cup, it changes the game a little bit," Gretzky said.

"When teams like Philadelphia and Montreal won, the league changed its style. Now that we've won, it should change the game a little."

"This proves that offensive teams can win. Our game has changed the last five years anyway. It's a faster game now than it was."

"As for our being the team of the '80s, I won't go that far. Being the Stanley Cup champion is good enough right here."



Denis Potvin

... I felt no shame."

Phillies, With 9th Straight Triumph, Sweep West

United Press International

SAN FRANCISCO — Philadelphia downed San Francisco, 7-4, here Sunday to finish a nine-game swing as the first National League team over to sweep the West Coast.

BASEBALL ROUNDUP

portion of a road trip. The Phillies were coming off three victories in both San Diego and Los Angeles.

Len Matlack and Juan Samuel hit home runs during a five-run second inning to power the Phillies to their ninth straight victory.

Matlack started the two-out eruption with his seventh homer of the year, a bases-empty shot off Jeff Robinson (3-5). Ozzie Virgil and Ivan DeJesus followed with singles before pitcher Charles Hinds

son singled Virgil home. Samuel hit Robinson's next pitch over the left-field fence for his third home run of the season.

Braves 5, Pirates 1

In Pittsburgh, Bob Watson's two-run double highlighted a four-run ninth that lifted Atlanta — head ninth by Jose DeLeon for the first seven innings — to a 5-1 decision over the Pirates.

Cardinals 3, Reds 2

In St. Louis, Darrell Porter, playing for the first time since suffering a deep fracture of his right thumb on May 6, hit a two-run home run in the ninth to make the Cardinals 3-2 winners over Cincinnati.

Dodgers 3, Expos 2

In Los Angeles, rookie Franklin

Stubbs hit a two-run homer with two out in the seventh to power the Dodgers over Montreal, 3-2.

Mets 4, Padres 2

In San Diego, Tony Gwynn dropped pitcher Jesse Orosco's 10th-inning fly to deep center for a three-base error and New York went on to score twice and down the Padres, 4-2.

Cubs 10, Astros 3

In Chicago, Leon Durham homered and had three RBIs and Rich Beck registered his first run-joint victory as the Cubs completed a sweep of a three-game series with a 10-3 rout of Houston.

Angels 3, Yankees 0

In the American League, in New York, rookie Ron Romankov pitched a three-hitter for his first major-league shutout and Gary Pettit drove in two runs as California blanked the Yankees, 3-0.

White Sox 3, Blue Jays 0

In Toronto, Rich Dotson pitched a six-hitter and Julio Cruz hit a two-run home run as Chicago ended a four-game losing streak with a 3-0 decision over the Blue Jays.

Red Sox 5, Twins 4

In Minneapolis, Rich Gedman's first-run homer completed a four-run first and Jim Rice drove in two runs to pace Boston to a 5-4 triumph over Minnesota.

Tigers 4, A's 3

In Detroit, Milt Wilcox and Willie Hernandez combined on a four-inning shutout as the Tigers completed a three-game series sweep with a 4-3 verdict over Oakland.

Rangers 3, Royals 2

In Kansas City, Missouri, Bill Sample's seventh-inning grand slam through the legs of shortstop G.L. Washington, allowing Curt

Wilkinson to score from second and making Texas a 3-2 victor over the Royals.

Orioles 5, Mariners 1

In Baltimore, Cal Ripken hit a two-run homer in the fourth and Eddie Murray added a three-run shot in the eighth to give Mike Flanagan and the Orioles a 5-1 victory over Seattle.

Indians 3, Brewers 2

In Milwaukee, pinch hitter Carmelo Castillo drove in the deciding run with a bases-loaded grounder in the eighth and three pitchers combined on a nine-inning shutout as Cleveland edged the Brewers, 3-2.

Major League Standings

AMERICAN LEAGUE

	W	L	Pct.	GB
Detroit	22	14	.611	0
Toronto	22	14	.611	0
Baltimore	22	14	.611	0
Philadelphia	22	14	.611	0
Cleveland	22	14	.611	0
Boston	22	14	.611	0
New York	22	14	.611	0

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California	22	14	.611	0
Minnesota	22	14	.611	0
St. Louis	22	14	.611	0
Seattle	22	14	.611	0
Oakland	22	14	.611	0
San Diego	22	14	.611	0
Los Angeles	22	14	.611	0

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